

# BUSINESS WEEK

Credit Control

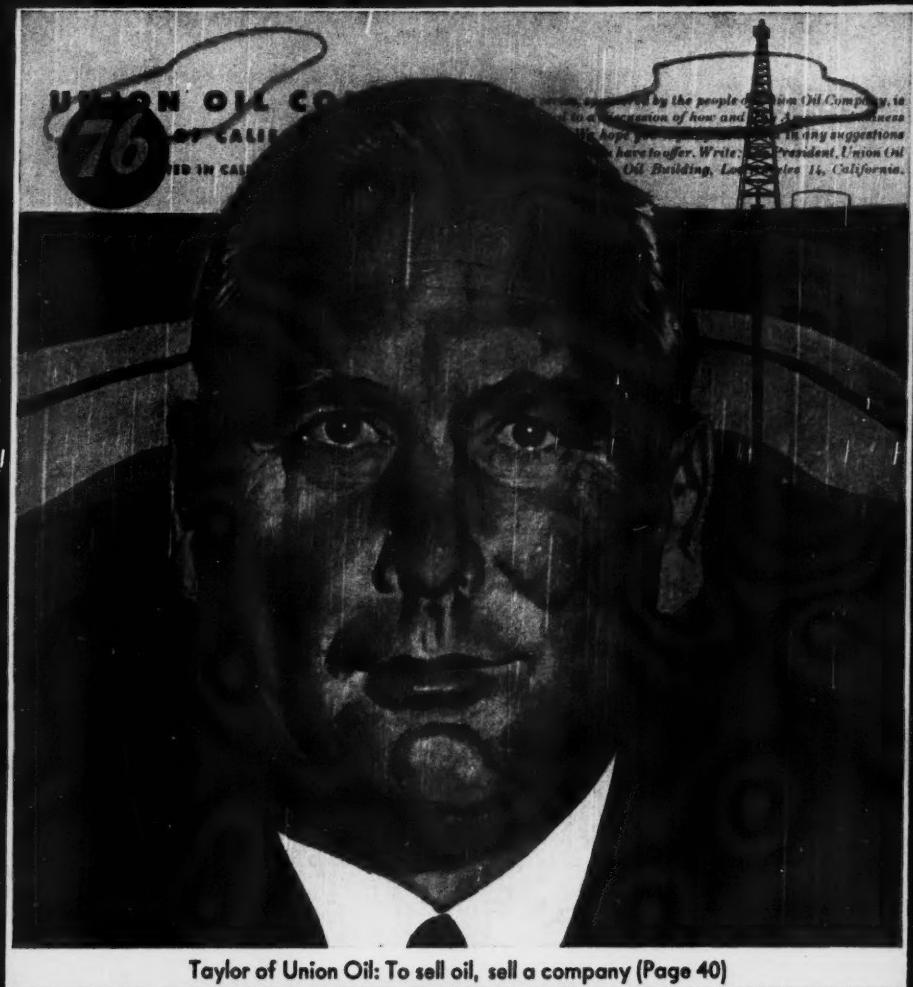
IS IT WORKING? PAGE 2

Wage Control

IS IT COMING? PAGE 10



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YEAR  
AGO

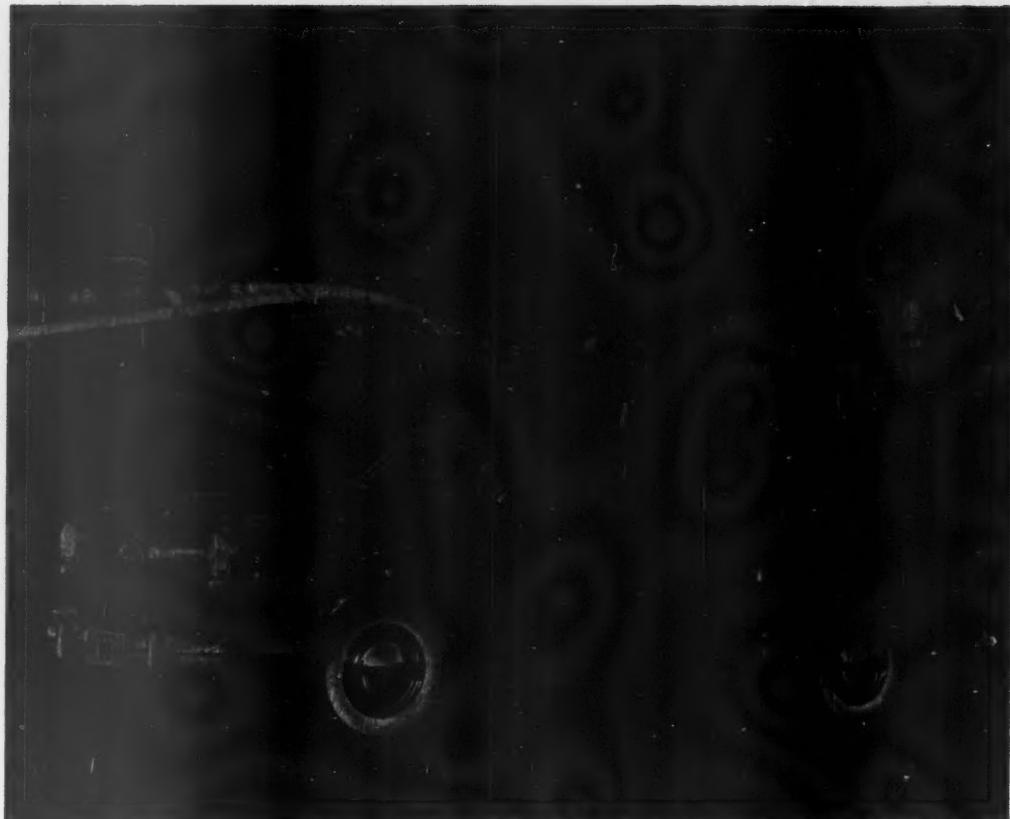


Taylor of Union Oil: To sell oil, sell a company (Page 40)

A MCKEEAN PUBLICATION

DEC 2 1950





Commander State 4-door sedan. White sidewall tires and wheel trim rings optional at extra cost.

*Presenting*  
**THE NEW 1951 STUDEBAKER**

A grand new  
*Studebaker Champion*  
in the lowest price field!  
One of the 4 lowest price  
largest selling cars in America!

A brand new v-8  
*Studebaker Commander*  
A truly great car  
that sparkles with brilliant  
new performance!

STOP in and see these styled ahead,  
engineered ahead, enduringly built  
new 1951 Studebakers! They're attrac-

tively priced and amazingly saving of  
gasoline! They don't require premium  
fuels! On view at Studebaker showrooms!

*Studebaker Automatic Drive or overdrive available on all models at extra cost*

**STUDEBAKER...THE THRIFTY ONE FOR '51**



## Are you buying machine tools for a competitor?

WHEN ANY COMPANY buys new machine tools to replace old ones, it doesn't do so just to spend money. You can be sure its management has carefully figured out that these new machines are going to pay for themselves—and usually in short order.

They have satisfied themselves that they will get increased production—that this increased production will cut costs—and they expect to use these lower costs to get more business for themselves.

### TAKE EXAMPLES SUCH AS THESE:

**COMPANY A**, replaced 3 old machines with 2 new Warner & Swasey Turret Lathes and cut machine time 27%.

**COMPANY B** bought a new Warner & Swasey No. 5 Spindle Automatic to turn an important precision job being done on old machines. *Result:* Production increased 5 to 10 times, labor costs reduced 93%. Capital investment reduced 66%. Power costs reduced 70%.

**COMPANY C** installed a new Warner & Swasey 1-AC Single Spindle Automatic and produced as many pieces in a single hour as had formerly been produced in 6 hours on an old single spindle machine.

**COMPANY D** bought a new Warner & Swasey 5-Spindle Automatic, saving 50% on operators and setup man's time, besides thousands of dollars in cutting tool reconditioning and replacement by elimination of secondary operations.

If any of those companies are among your competitors, bidding against you for machining work or selling a similar product, unless you, too, are using up-to-date machines, they can undersell you.

Their increased business will be at your expense. Then it is actually you who are paying for the new tools bought by your competitor.



**WARNER & SWASEY SELLS ONE THING  
... INCREASED PRODUCTION**



TURRET LATHEs, MULTIPLE & SINGLE SPINDLE AUTOMATICS, PRECISION TAPPING AND THREADING MACHINES

# "BLACK DIAMONDS" *by the Carload!*

**J**UST plain ordinary coal—but it holds a wealth of good living for every American.

Over 16,000,000 home owners rely on it to stay warm and healthy.

It's used—1,000,000 tons a day—to make electric light and power, heating and cooking gas—to run transportation systems, manufacture steel, drugs, chemicals, textiles.

It's a mainstay of *all* industries...helped on its way by Allis-Chalmers!

Every year, millions of tons of coal are processed

for home and commercial use by Allis-Chalmers screens and other equipment. Allis-Chalmers pumps, motors and mine hoists help step up production, lower operating costs.

The name Allis-Chalmers is well known wherever products are mined, crushed, milled or processed—in fact, *all* basic industries serving your good living today rely more and more on Allis-Chalmers' 103 years of machine building experience!

**ALLIS-CHALMERS MANUFACTURING COMPANY**  
901 South 70th Street, Milwaukee 1, Wisconsin

## A-C High-Production Machinery Helps Mine and Process Nature's Basic Materials . . .



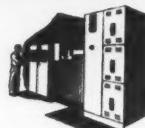
**Saves \$2700 in 9 months.** Long life Allis-Chalmers Solids Handling Pump in Illinois coal mine needed no service in 9 months. Repairs on previous pumps cost \$800 a month.

**New Ripl-Flo** screen with Tri-Slope deck efficiently screens moist small-size coal. It offers greater capacity than screens of conventional type.

*Ripl-Flo* is an Allis-Chalmers Trademark



**Compact** Allis-Chalmers Unit Substations save money for mine operators. They're easy to install, bring electric power close to the load center, and improve voltage regulation.



**PROSPERITY POWER!**

America's strength, prosperity and good living have been paced by rapidly expanding generation and utilization of electric power.



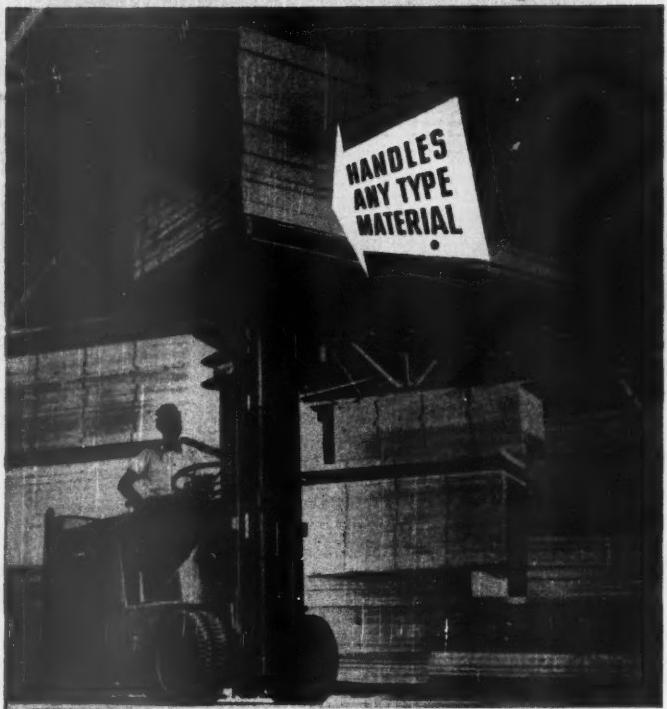
# ALLIS-CHALMERS



One of the Big 3 in Electric Power Equipment—  
Biggest of All in Range of Industrial Products

10,532 PRESIDENTS\* ARE RIGHT!

# TOWMOTOR increases profits



\*Towmotors are increasing profits everyday for 10,532 modern industries all over America.

Presidents of 10,532 plants and warehouses, in every type of industry, have seen profits rise with Towmotor Mass Handling. Production man-hours are saved, payroll costs are cut from 25% to 60% as Towmotor transports tons of goods in minutes instead of hours. All excess handling is eliminated, from receiving raw materials to loading the finished product for delivery. Towmotor engineering assures continuous round-the-clock service. Ten special attachments simplify difficult handling jobs. Find out how over 10,000 modern plants have increased profits with Towmotor Mass Handling. Write today for "Handling Materials Illustrated." Towmotor Corporation, Div. 2, 1226 E. 152nd St., Cleveland 10, Ohio. Representatives in all principal cities in U. S. and Canada.

## Top executives—See Towmotor's powerful 30-minute movie "THE ONE MAN GANG"

The Towmotor movie takes you for a "personal" visit to many of America's leading producers and handlers of materials. You'll see how Towmotor Mass Handling cuts costs, saves time, increases profits. For your personal showing of "The One Man Gang," write today. No obligation, of course.

**TOWMOTOR**  
THE ONE-MAN GANG

FORK LIFT TRUCKS  
and TRACTORS

# Mass Handling is the answer!

RECEIVING • PROCESSING • STORAGE • DISTRIBUTION

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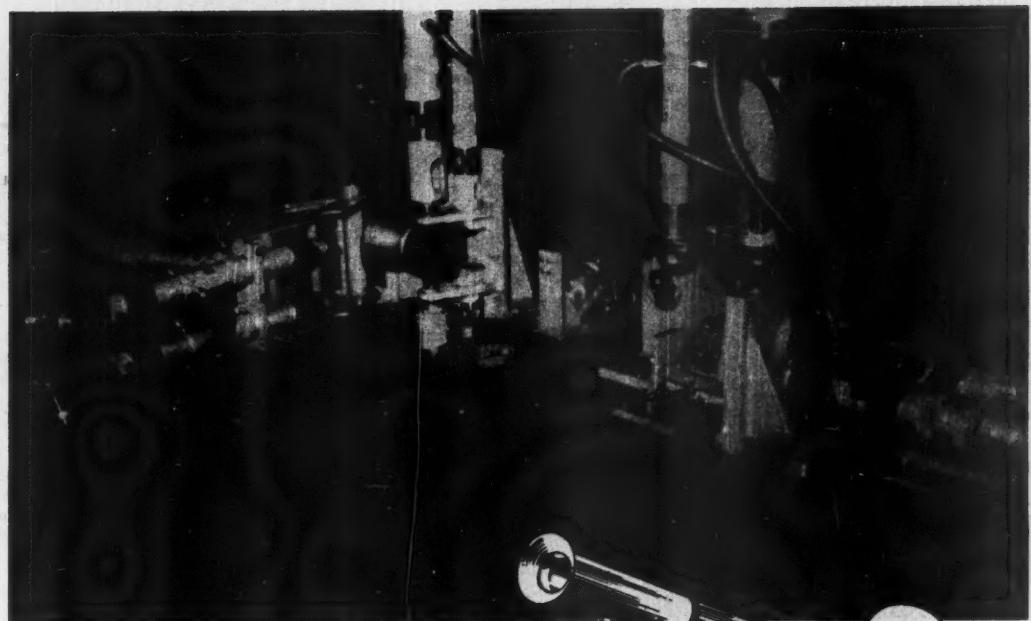
BUSINESS WEEK • DECEMBER 2 • NUMBER 1109

(with which are combined *The Annalist* and *The Magazine of Business*) • Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGuire, President, 193 Madison Avenue, Publication Office Postage 99-129 North Broadway, Albany 1, N. Y. • Editorial and Executive Offices, 330 W. 42nd St., New York 18 • Curtis W. McGraw, President; Willard C. Chappell, Executive Vice-President; John A. Dickey, Vice-President; John W. Cook, Secretary; Paul Montgomery, Senior Vice-President, Publications Division; Ralph B. Smith, Editorial Director; Nelson Bond, Vice-President and Director of Advertising; Special Correspondence, reading and advertising to: E. Blackinton, Jr., Vice-President and Director of Circulation, *Business Week*, 99-129 N. Broadway, Albany 1, N. Y., or 330 West 42nd St., New York 18. Allow ten days for change of address.

Subscriptions to *Business Week* are solicited only from management-men in business and industry. Position and company connection must be indicated on subscription orders.

Single copies 25¢. Subscription rates—United States and possessions \$6.00 a year; \$12.00 for three years. Canada \$7.00 a year; \$14.00 for three years. Pan American countries \$10 a year; \$20.00 for three years. All other countries \$20 a year; \$40.00 for three years. Entered as second-class mail matter, January 10, 1929, at the Post Office at Albany, N. Y., under Act of Mar. 3, 1879. Printed in U. S. A. Copyright 1950 by McGraw-Hill Publishing Co., Inc.—All Rights Reserved.

BUSINESS WEEK • Dec. 2, 1950



## SUPER-BAZOOKAS DELIVERED AHEAD OF SCHEDULE

AN ACHIEVEMENT OF KELLER AIR TOOLS



The  
Keller  
Airfeedrill

When it became apparent that super-bazookas were needed to knock out enemy tanks, quick production became a matter of great urgency.

The bazooka barrel requires about twenty accurately drilled holes—for mounting the sights, firing mechanism, tripod, and other attachments.

To avoid the delay of designing machine tools to drill these holes, the manufacturer of super-bazookas mounted the barrels in simple fixtures and drilled the holes with Keller Airfeedrills.

When a bazooka barrel has

been mounted in the fixture, the operator presses one button to drill several holes simultaneously; then he presses another button to drill all the other holes except four—which are closely spaced and can be drilled more easily with a Keller portable drill.

With Keller Airfeedrills, jigs can be assembled quickly, alterations made easily, and tool-up time and costs reduced.

The production time cycle for super-bazookas is still "top drawer"—but it is no secret that they are coming through ahead of schedule.



\* \* \*

Keller Airfeedrills, air hoists, screw drivers, nut setters, die grinders, chipping hammers, and other work-saving tools are speeding production at savings in costs.



Air Tools engineered to industry

**KELLER TOOL COMPANY, GRAND HAVEN, MICH.**

AIR MOTORS • AIR HOISTS • AIR HAMMERS • COMPRESSION RIVETERS • GRINDERS • DRILLS • SCREW DRIVERS • NUT SETTERS

PREScription  
FOR INDUSTRY'S  
CHILLS AND FEVERS

RX



**I**N SCORES of products and processes exposed to heat or cold, Wyandotte Glycols are "just what the doctor ordered." Hard to freeze, slow to boil, these even-tempered chemicals are proving their worth on industry's toughest proving grounds.

Today, they are being used widely as permanent anti-freezes in cars, trucks, tractors—in breweries, dairies, ice cream plants. They fill the need for coolants in aircraft engines where temperatures range above the boiling point of water alone.

These practically colorless, odorless liquids absorb moisture from the air and evaporate slowly. They

moisten and soften tobacco, cellophane, textile fibers, glue, gelatin and cork.

Glycols also find jobs in the manufacture of brake fluids, wood stains, perfume and cutting oils—as plasticizers and as solvents for oils, resins and dyes. In fact, it is hard to find a modern industry in which these versatile chemicals do not play some part. Chances are they can be used to advantage in the products you make.

Why not write for further data on the properties and applications of Wyandotte Glycols? Just write Wyandotte Chemicals Corporation.



ORGANIC AND INORGANIC CHEMICALS

WYANDOTTE CHEMICALS CORPORATION  
Wyandotte, Mich. • Offices in Principal Cities

Wyandotte Chemicals Corporation is one of the world's major producers of soda ash, caustic soda, bicarbonate of soda, chlorine, dry ice and calcium carbonate. Wyandotte produces glycols and related compounds, certain aromatic sulfonic acid derivatives and other organic intermediates. Wyandotte is also the world's largest manufacturer of specialized cleaning compounds for business and industry.

## Highlights In This Issue

### More Steel, More Aluminum

- Government pressure for greater capacity is piling still more industrial expansion onto business' own ambitious plans.

P. 25

### Worse Every Day

- That's the story on traffic, everywhere. Not every city can copy Washington's new plan, but all can learn from it.

P. 26

### Death on Long Island

- Why did the LIRR kill more people this year than all the other roads in the U.S. combined? Is there any salvation for the line?

P. 93

### CIO-Democrat Split Coming?

- Behind-the-scenes at the CIO convention, relations with the Democratic Party were the big question under consideration.

P. 110

### Like a Phoenix

- Duluth's one major industry is fading out from under it—and Duluth is overjoyed.

P. 30

### Steel for Europe

- The Schuman Plan to integrate Europe's coal and steel industries is now set. It could be a monster cartel—or a step to a U.S. of Europe.

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### Inventory Paradox

- If marketing men had the instincts of speculators, they'd be happy now. Trouble is, they don't.

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# bright future in a smudge pot

Want some 100% pure rubber tires?

Of course not! Pure rubber tires would be worthless. They need carbon black to make them wear.

Down in Texas our subsidiary, Phillips Chemical Company, has some multi-million dollar smudge pots turning oil into Philblack—a carbon black with a pedigree. Mixed with "cold" rubber whose superiority and commercial feasibility were first convincingly demonstrated by Phillips, Philblack makes the toughest known tire treads.

Phillips now produces nearly 200,000,000 pounds of Philblack annually, and additional Philblack facilities are under construction in this country and by licensees abroad.

Moral: If you are looking for a brighter future for your rubber product, ask about our Philblack.—K. S. Adams, President, Phillips Petroleum Company, Bartlesville, Oklahoma.

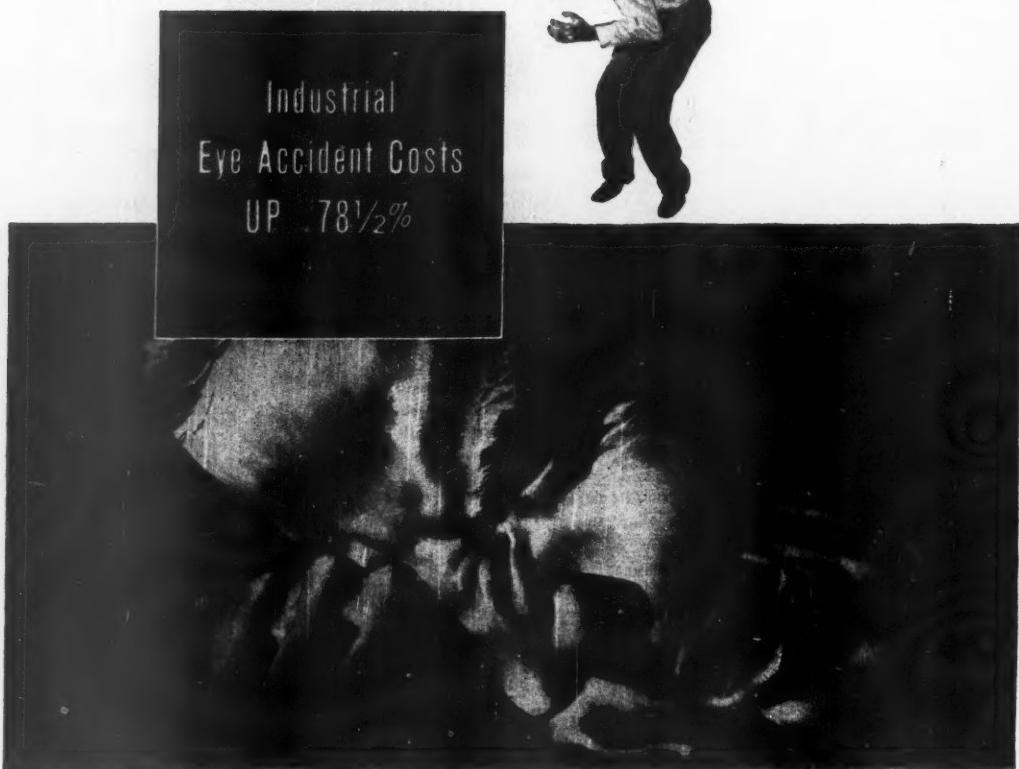


PHILLIPS PETROLEUM COMPANY

Bartlesville, Oklahoma



**WE PUT THE POWER OF PETROLEUM AT YOUR SERVICE**



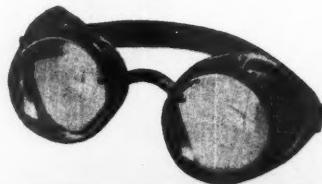
## Here's One High Cost that's "Asking For" DRASTIC ACTION on Your Part!

WHEN critically examining your costs of doing business and seeking more profitable operation, remember that NO ONE HAS A VESTED INTEREST IN HIGH EYE ACCIDENT COSTS! These costs can be cut *drastically* now.

98% of all industrial eye injuries can be prevented when shop workers wear safety goggles, according to the Society for the Prevention of Blind-

ness. Individual case histories show that American Optical Company eye protection programs have saved sums like these: (1) \$16,607 in eight years (2) \$14,000 in two years (3) \$44,200 annually.

Your nearest AO Safety Products Representative will be glad to explain the AO program, which may produce similar savings for you. Ask him for complete details.



# BUSINESS OUTLOOK

BUSINESS WEEK  
DECEMBER 2, 1950



Pressure is beginning to build up against some of the "tougher" defense directives.

Businessmen, alarmed at the deep bite the government is taking, are trooping to Washington to argue against too drastic cutbacks.

The latest, such as the nonferrous metal restrictions, are even tougher than they look at first blush.

Aluminum is a good example. Beginning Jan. 1, civilian use must be cut to 65% of the average for the first six months of this year. But that's more than a 35% cut.

Aluminum use for the first half ran well behind present production schedules.

The same holds true for the other metals about to come under the ax.

The simple fact is that the Federal Reserve Index—the fever chart of industry—is running close to 10% higher now than in the first half.

The main complaint against directives like Regulation X (housing) and the metal restrictions is that they will bring unemployment.

The reasoning, in the case of the material cutbacks, goes like this: Manufacturers will have to trim production as vital raw-material supplies dwindle (General Electric is already talking about cutting appliance output by 25%); workers will be laid off.

But arms production won't sop up the laid-off workers until next summer at the earliest.

So there will be unemployed workers and maybe unemployed materials—at a time when maximum output is needed to fight inflation.

Credit regulations face the same charge: They are cutting demand—but that is what they are supposed to do (page 19).

The Federal Reserve Board agrees that instalment-credit curbs are beginning to take hold.

One class of on-the-cuff sellers—the automobile dealers—would be quick to say amen heartily (page 81).

Automotive News estimates that new-car stocks jumped from 366,000 on Oct. 1, to 508,000 on Nov. 1. That's quite a hike.

But there is this to consider: The metal cutbacks start next month. And any sharp drop in auto production instantly raises the question of where to get cars, rather than how to sell them.

You can get some idea of the speed with which industry is humming by taking a quick look at manufacturing-employment figures.

Since June, nonagricultural employment has gone up 1.8-million. Manufacturing workers alone accounted for almost two-thirds of the rise—even though manufacturing workers make up only one-third of all nonfarm employment.

In October (the latest period for which figures are available) manufacturing employees increased by only 70,000.

But in the same month, the factory work week went from 41 hours per week to 41.4. In practical terms, that's the same as adding another 150,000 experienced workers to the labor force.

There are some interesting shifts between the durable- and nondurable-

# BUSINESS OUTLOOK

(Continued)

BUSINESS WEEK  
DECEMBER 2, 1950

goods industries. While production-worker employment in nondurables is now up only 4% over last year, durable-goods employment has jumped 26%.

Even before the latest setback in Korea, industry was taking no chances of being caught short on inventories.

The National Assn. of Purchasing Agents says that last month 48% of its members kept the same forward-buying policies as the month before, and 35% ordered even further ahead than they did in October.

That puts about two-thirds on a 90-day basis and one-third on 120 days or longer.

The machine-tool business, traveling under a full head of steam, is hard put to make any headway against the flood of orders.

October's new-order index went up slightly. At the same time, shipments did not move ahead at all. That pushes unfilled orders to almost 12 times shipments.

Foreign orders (mostly from Marshall Plan countries) rose sharply—they doubled in one month's time.

In the first four months after Korea, almost half-a-million men were rushed into uniform.

If entries into the armed forces would keep up at October's rapid rate, 3-million men would be under arms by early next summer. (Of course, whether that many actually are called to the colors is something Washington still has to decide.)

Prices have been rising so steadily that it's no novelty when another record topples.

But this week the major price indexes went through the roof.

The consumer price index jumped to 176.1, topping the former high set in August and September, 1948. Even without its new upward revision, the index went to 174.8—up a full point over the previous month.

The Bureau of Labor Statistics' wholesale price index is now at 170.2—also over the August, 1948, peak.

The highly volatile 28 spot-commodity index, which has been rising faster than any of them, meantime is within a shade of its postwar peak.

Steel executives have been stating flatly that wage increases will have to be translated into price hikes—maybe as much as \$10 a ton.

This week Iron Age hazards a guess that U. S. Steel will raise prices only about \$6 a ton.

Harried housewives might be in for at least one break in 1951: Eggs are coming out from under price supports at the end of the year.

In 1949, eggs were supported at 90% of parity. This year's support was around 75%.

But even at this lower figure, the government had to pick up the check again, now holds some \$100-million worth of hen fruit.

Officials are eying soybeans as a likely candidate for the first commodity to get price controls.

The market is bullish; experts expect it to rise even more.

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# SPEED CLAMPS\* PRODUCE 80% TIME SAVINGS 66% COST SAVINGS

FOR ALLEN ELECTRIC & EQUIPMENT CO.  
Kalamazoo, Michigan

There is nothing like getting down to "shirt-sleeve" fundamentals when you are specifying fasteners. That's the way Allen Electric & Equipment Co. feel about it...as you can see from the point-blank comparison made in an excerpt from one of their letters: "We submit the following information comparing the Tinnerman SPEED CLAMP to a standard type clamp as applied to the production of our Model H-100 Kwik-Serv Oil Changer:

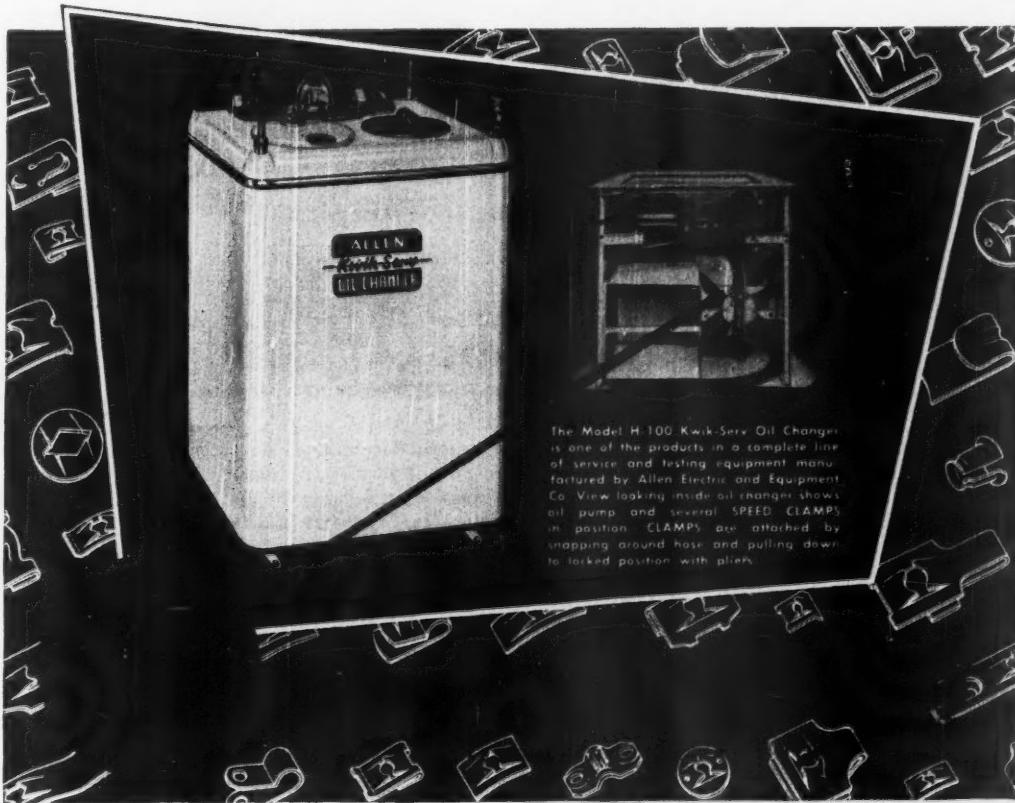
1. Tinnerman SPEED CLAMP, .0148 cents each.
2. Standard type hose clamp, .0433 cents each.
3. 15 Tinnerman SPEED CLAMPS per Oil Changer take 8 minutes for installation.
4. 15 standard type hose clamps per Oil Changer take 40 minutes for installation.

"Add to these comparisons the fact that SPEED CLAMPS have chalked up an excellent field performance record, and you'll understand why we are so enthusiastic about them."

Reports like this lead us to believe we can help you. We would welcome an opportunity to prove how SPEED NUT brand fasteners can improve your assembly cost picture. Ask your Tinnerman representative to call, and write today for your copy of "SAVINGS STORIES". TINNERMAN PRODUCTS, INC., Box 6688A, Cleveland 1, Ohio.

In Canada: Dominion Fasteners Limited, Hamilton, Ontario.

In Great Britain: Simmonds Aerocessories, Ltd., Treforest, Wales.





## GIVE YOUR PRODUCT THE RIGHT COMBINATION

Performance, beauty, color. In all of these fine items there is the right combination of such practical, profitable properties . . . because they are made of VINYLITE Brand Flexible Plastics.

New beauty and durability can be given to your products, too, with VINYLITE flexible molding and extrusion plastics. They come in a wide range of flexibility. They withstand repeated bending without cracking.

There's virtually no limit to their range of non-fading colors. They are extremely resistant to aging, water, oils, greases, alkalies, most strong acids.

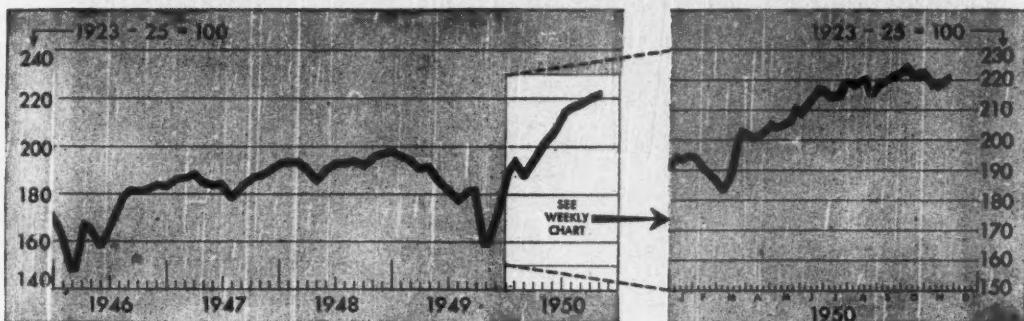
Why not let us show you how the unique combination of properties of VINYLITE Plastic molding and extrusion compounds can aid in the economical vol-

ume production and sales of your products! Tell us in detail what your product problems are. And send today for your copy of the new illustrated 24-page booklet, "VINYLITE Resins and Plastics—Extrusion and Molding Materials." Write Dept. JM-62.

**Vinylite**  
BRAND  
**PLASTICS**

BAKELITE DIVISION  
Union Carbide and Carbon Corporation  
30 East 42nd Street, New York 17, N.Y.

# FIGURES OF THE WEEK



## Business Week Index (above) . . . . .

### PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1947 Average
Steel ingot operations (% of capacity).....	N.A.	102.7	102.4	87.7	97.3
Production of automobiles and trucks.....	120,134	†125,970	188,200	76,026	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$35,319	\$32,683	\$35,928	\$29,043	\$19,433
Electric power output (million kilowatt-hours).....	6,508	6,728	6,563	5,537	3,130
Crude oil and condensate (daily average, 1,000 bbls.).....	N.A.	5,882	5,895	5,192	3,842
Bituminous coal (daily average, 1,000 tons).....	2,000	†1,831	1,958	2,431	1,685

### TRADE

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1947 Average
Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars).....	81	82	86	69	86
All other carloadings (daily average, 1,000 cars).....	58	58	63	57	52
Money in circulation (millions).....	\$27,450	\$27,296	\$27,121	\$27,508	\$9,613
Department store sales (change from same week of preceding year).....	+7%	+7%	+3%	-8%	+17%
Snowfall (Dun & Bradstreet, number).....	146	170	160	148	228

	Oct.	174.8				
Demand Cus... Subscriptions						
Bill to:						
158.4	†158.2	156.0	127.6	78.0		
3.21%	3.21%	3.23%	3.35%	4.33%		
2.67%	†2.66%	2.68%	2.59%	2.77%		
14-11%	14-11%	14-11%	14-11%	1.00%		
14-11%	14-11%	14-11%	14%	†-8%		

### BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	49,846	49,257	49,891	47,274	†127,777
Total loans and investments, reporting member banks.....	69,670	69,414	69,230	66,723	†132,309
Commercial and agricultural loans, reporting member banks.....	16,989	†16,919	16,322	13,772	††6,963
Securities loans, reporting member banks.....	2,204	2,108	2,136	1,998	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	33,309	33,349	33,729	37,430	††15,999
Other securities held, reporting member banks.....	6,326	6,277	6,363	4,964	††4,303
Excess reserves, all member banks.....	610	1,090	740	626	5,290
Total federal reserve credit outstanding.....	20,162	20,171	19,753	18,091	2,265

\*Preliminary, week ended Nov. 25.

††Estimate (BW—Jul. 12 '47, p 16).

†Revised.

‡Date for "Latest Week" on each series on request.

N.A. Not available due to storm conditions.



## "MONEY DOESN'T MATTER!" SHE SOBBED (but where's the money coming from?)

"We thought the world had come to an end! Our little girl fighting for her life! The doctor was kind. He told us that with long and careful treatment she might have an excellent chance. That's when we implored him to do everything, try anything . . . because money doesn't matter at a time like this!"

But money does matter. When serious illness or injury strikes, people too often find themselves facing financial disaster. They may be covered under company group insurance. But when medical and hospital bills mount up for months . . . that's when they urgently need more than standard protection.

To enable people to meet personal disaster of this sort, Liberty Mutual has led the way with a new group plan called Personal Medical Disaster insurance. It may be paid for by those covered or by their companies.

For any one non-occupational illness or injury, after the insured person pays the first \$300 of expense, we pay 75% of the remaining expense to a maximum of \$5,000. This \$5,000 covers medical, surgical and hospital bills. It includes nursing, X-ray, laboratory charges, drugs, anesthesia and all therapeutic services and supplies.

Many employers already have group plans to pay the first \$300 not paid by our policy. With our new Personal Medical Disaster insurance, it does not cost very much

to protect your people and their dependents against the cost of medical disaster.

To management men interested in making this new disaster protection available, we will gladly send a booklet, "How to Insure Against the Cost of Personal Medical Disaster." Please write Liberty Mutual, Group Accident and Health Department, 175 Berkeley Street, Boston 17, Massachusetts. (On the Pacific Coast, 216 Pine Street, San Francisco 4, California.)



*We work to keep you safe*

LIBERTY MUTUAL INSURANCE COMPANY  
LIBERTY MUTUAL FIRE INSURANCE COMPANY

\* *We work to keep you safe*...by providing protection for business, home and car owners...by removing the causes of home, highway and work accidents...by relieving the pain and financial burden of accidents by prompt and friendly handling of claims. \*

# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
DEC. 2, 1950



The danger of World War III is acute. The negotiations now under way may succeed in preventing the war in Asia from becoming a global conflict of atomic weapons. But at press time there were no assurances.

The threat is Russia, not China. But Russia's intentions aren't too clear to us. Heretofore, the assumption has been that Russia wasn't ready to go to war. Now, there's less certainty. The way Russia has manipulated Red China makes it look as if she either is ready for a fight, or else is convinced that the West is so weak that we can't take her on.

Europe is the spot to watch. If Russia is figuring "now's the time," she will move there, while Red China has us stalled in Korea.

The West won't challenge Russia as the aggressor, at least not soon. There is some talk that this should be done, rather than waste strength on satellite China. But this is highly unlikely until the West is stronger. So, global war still is up to Russia.

China's action jolted the Pentagon and State Dept. It's another surprise added to the list of surprises that have characterized the war in Korea. First, Pentagon and State were surprised by the North Korean invasion of South Korea, then by the strength of the North and weakness of the South, and then, just when Washington was surest China would stay out, in she came, making the Korean conflict more explosive than ever.

The fact is we underestimated the Reds. Partly it was poor intelligence. But wishful thinking was a factor—the idea that the Reds outside of Moscow somehow are softer than those in Moscow.

The home-front impact of the bigger war will be a faster defense pace. Indecision has been bottleneck No. 1, but now there's rising criticism of top leadership for policy delays. Congress will step into the row.

The defense effort has been played by ear, with no over-all military policy to serve as a guide. That sounds incredible, with the fighting now in its sixth month. But it's true, both as to the rearmament program and the economic controls that go with it.

The chokepoint is the Pentagon. It's Defense Secretary Marshall's job to get the services together on a unified program. That hasn't been done. There are plans aplenty—general plans—but no bill of particulars.

The services are split wide open. Each branch (Army, Navy, Air Force) has a pet program for itself. Each nurses its own idea of what its role should be, whether the war in Asia stays there or lights off atomic World War III. But they haven't been brought together on a single, integrated plan.

You got clear evidence of the indecision this week. Extra funds for defense top the legislative slate for the short fall session. But when Congress reconvened Monday, Truman wasn't ready with his recommendations on how much is needed for arms orders until mid-1951. The services hadn't agreed, and Truman and his civilian defense chiefs were reluctant to intervene, though they have the power under the law.

# WASHINGTON OUTLOOK

(Continued)

WASHINGTON  
BUREAU  
DEC. 2, 1950

**It will be midyear before defense plans are firm—maybe longer.** The decision on whether to continue the buildup over two or three years, gambling that Russia won't strike, or make a rapid switch to a war basis is supposed to come by January. Then it will take at least six months to translate the program into men and materials.

**Economic controls will be run by guess, meantime.** Civilian cutbacks will be geared to what officials think military needs might be, rather than to any well-calculated military requirements. All the talk this week was of up-dating the control timetable, putting on restraints faster than planned "just as a precautionary measure."

•  
**Atomic weapons** are what we count on most to hold Russia off. Russia has them, too, of course. But we think we have the edge over her, and the new multibillion program is intended to keep it—boost output sharply (page 21).

**H-Bomb:** The new atomic plant for South Carolina may mean we can make it, though the installation could be used for A-bombs as well.

**Guided missiles:** This program is being expanded tremendously. The \$200-million first scheduled for fiscal 1951 is being upped to \$800-million. Plans call for \$2-billion in 1952 and \$3-billion by 1954. The implication is that research has hit pay dirt, and big-scale production is coming.

•  
**Dispersal of government** as a safeguard against bombing of Washington probably will be O.K.'d by Congress next year (page 26). The plan is to move key agencies some 15 miles into Maryland and Virginia. The Pentagon already has taken steps to prevent a hit on Washington from disrupting the military command.

•  
**The CIO is peeved at Truman** on the handling of economic controls, complaining that the unions are being slighted.

**The union objective** is to win more than an advisory role in wage stabilization (page 102) and price control. It calls for a hand in industrial production under Sawyer's NPA.

**Walter Reuther**, the United Auto Workers' chief, is the big pusher (he's head of the CIO Committee on Defense Production). He wants a union "production" man in NPA as a policymaker and administrator—not as mere "labor adviser."

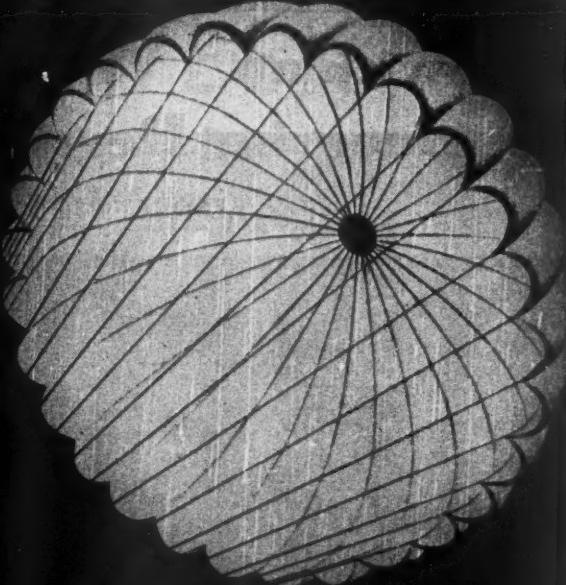
•  
**On quick amortization** as an aid to plant expansion, note these rulings by Symington's NSRB:

**Aluminum:** Capital put into new capacity may be written off fully in five years (page 25). The idea seems to be that, except for defense, the big expansion would not be necessary.

**Steel:** Jones & Laughlin can get only a partial writeoff in five years on its expansion plans. The presumption here seems to be that "normal demand" can be counted on to provide a market for some of the extra.

**That gives you a clue to present policy:** Where the government feels that "normal demand" will assure a market long-range, amortization will be less liberal. Question: Might not such a policy dampen enthusiasm for expansion? Washington will have some answers soon.

# When life hangs by a thread



## ...coal, air and water!

In U. S. Army paratrooper wears the finest parachute that can be made! So his chute is woven of nylon—the strong, dependable fiber that can be produced from coal, air and water!

But, important as nylon is for military and civilian uses, it is but one of the **hundreds** of products to which "coal chemistry" has contributed.

Coal is an almost inexhaustible storehouse of essential chemicals. Laboratory "magic" now turns coal into salia drugs and aspirin . . . crystal-clear plastics . . . solvents . . . anti-freeze . . . insecticides . . . food preservatives, lacquers—in addition to providing the heat and power to make all these products and many more.

To meet the demands of the chemi-

cal industry and other big customers, such as steel, railroads and public utilities, each year the coal industry is called on to supply hundreds of millions of tons of coal of particular kinds and grades. Ever on the alert to give their customers in industry—and in homes—an increasingly better product, for more efficient utilization, America's progressive coal operators have invested many millions of dollars in new mine properties . . . giant new preparation plants . . . and research projects. As a result, the coal industry is better prepared than ever before in history to meet America's increasing demands for coal for both civilian and military needs.

*Granted a continuing supply of necessary equipment, transportation and trained man power, America's independently owned and operated coal mines will produce all the coal that is needed to continue to power the nation's progress in peace or war.*

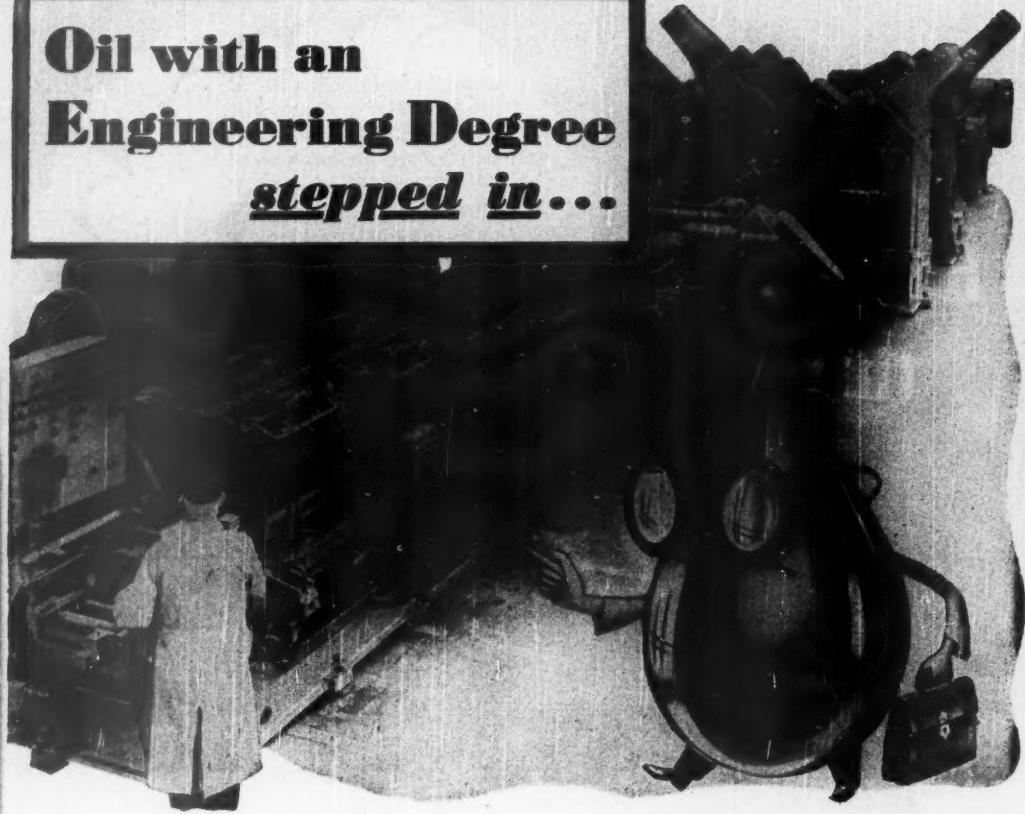
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WASHINGTON, D. C.

# **Oil with an Engineering Degree stepped in...**



## **High operating costs stepped out!**

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- MULTIPLE plant management everywhere is making savings like this — using Oil with an Engineering Degree — which means quality Texaco lubricants recommended by skilled Texaco Lubrication Engineers.

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**One Purchase Agreement** puts this engineering service to work in all your plants — and sets up a nation-wide source of supply — from the more than 2000 Texaco Distributing Plants.

\* \* \*

*To assure savings in all your plants, call or write the nearest Texaco Distributing Plant or The Texas Company, 135 East 42nd Street, New York 17, N. Y.*



## **The Texas Company**

*More than 2000 Texaco Distributing Plants  
in all 48 States — to serve all your plants.*

# BUSINESS WEEK

NUMBER 1109

DECEMBER 2, 1950

Instalment Loans  
made by principal lending institutions



SUDDEN DROP in instalment loans this fall means that consumers have slowed down their borrowing. It shows . . .

## How Credit Controls Are Working

Government agencies are pretty well satisfied with the way Regulations W and X have put the brakes on lending.

Government officials are pretty well satisfied with the way their credit control program is working. They intend to let Regulation W and Regulation X ride—neither relaxing nor tightening them.

• **Results**—After two months of credit controls this is the picture that begins to take shape:

- Regulations W and X have not put a stop to the expansion of consumer and mortgage credit.

- They have not kept prices from rising—except, maybe, on used cars.

- By and large, they have not cut deeply into the demand for homes and for consumer goods.

- What they have done is slow down the rate of expansion in credit, thereby making demand smaller than it would have been. Their influence has been a checkrein, not an air brake.

Each month, consumers are getting fewer instalment loans (chart). The total consumer credit outstanding is still rising, but more slowly than it was before Regulation W was tightened in

mid-October. The stampede for major durable goods that started with Korea has slowed to an orderly—though still brisk—walk. The thinning of the market has removed some of the pressures on prices.

- **Tailoring Job**—In months to come, business will feel the checkrein more plainly. But even then, W and X won't cut demand so drastically that goods won't move. Instead they will help tailor demand down to curtailed supply. That's what the mobilizers are shooting for.

So don't expect early relaxation. Right now, credit control is the government's main anti-inflation weapon. Direct, compulsory price and wage controls are still months away.

Anyway, Administration bigwigs want to give indirect controls a chance. They mean to wait and see what credit curbs can do against inflation.

It will be some time yet before complete figures are available to tell the real story. But spot checks with industry leaders, trade associations, and in-

dividual dealers and builders give a fair idea of what Regulations W and X have been doing.

The chart above shows the first impact of Regulation W on consumer credit. Only two weeks of business under the tightened restriction are shown. Yet the implication is clear: Use of credit is not so high as it was in the summer, though still better than last year.

- **Casualties**—There is no doubt, of course, that some outfits were hit, and hit hard, when the Federal Reserve Board tightened Regulation W—to one-third down and 15 months on autos, one-fourth down and 15 months on appliances.

Most of the injured were auto dealers.

A Dodge dealer in Indiana, for example, reported an inventory of sixty 1950 models; sales had dropped, but the factory kept shipping his quota (page 81). Now he is afraid that the 1951 models will make his present stock obsolete.

In the District of Columbia, another dealer is advertising steep discounts on "demonstrators" that have never been driven; in nearby Maryland, almost

two-score Buicks were seen standing in a lot, bumper to bumper, waiting for buyers.

• **Small Percentage**—But there's plenty of evidence to show that the hardship cases involve only a small percentage of the nation's 46,000 dealers. General Motors, for instance, estimated last week that its Chevrolet and Pontiac agencies were carrying inventories of only four cars apiece. And just before the 1951 models made their debut, Ford said its dealers' floors were nearly bare.

• **What Happened**—Balance up the evidence, and you come out with these conclusions:

• Sales sagged immediately after Regulation W was toughened, but they recovered fairly quickly; today they aren't too far below August and September levels.

• Dealers are learning to sell again. They are even making some concessions; the buyer has a little more to say on what accessories he must take, how big a trade-in he will get. This, of course, is the object of credit control.

• Sales of independent auto makers have been hurt far more than those of the majors; this may soon present a problem.

• Dealers' inventories are rising—but they are still below the 30-day "normal" level.

• Manufacturers are sure to think twice before boosting prices, regardless of what happens to cost.

• **No Changes**—The Federal Reserve has no intention of allowing any general ease-up in Regulation W. Some plan for relief might be adopted if genuine hardship cases are discovered among prospective auto buyers. For example, FRB might issue "certificates of necessity"—allowing longer repayment periods.

The Fed doesn't intend to tighten Regulation W, either—at least not right now. A Commerce Dept. study just out indicates that Regulation W may cut auto and appliance demand by 15% next year. That would just about offset the cut that conservative auto men expect in production.

## II. Reg. X Doesn't Scare Builders

The record doesn't show yet what credit control has done to mortgage lending. Housing starts were down in October, to be sure, but not below last year's level.

When you look at plans for 1951, you find that builders throughout the country are generally optimistic—surprisingly so.

There are exceptions, of course. Builders in the Richmond, Va., area have cut back plans 50% to 60%. In Jefferson County (Birmingham),

Ala., no new development plans have been filed since the regulation went into effect. But, on the whole, faces are not so long as they were a month ago.

• **Playing Safe**—The industry still is not sure just what effect the higher down payments will have on operations. So builders are playing it safe. "We are doing only short-range planning now, instead of working six months or a year ahead," reports one in Minneapolis. "We are ready to pull in our horns at any time," says another builder.

In many cases, credit restrictions are the least of the builders' worries. Impending shortages of labor and materials—especially steel, plumbing fixtures, and cement—are keeping plans modest.

• **Starts Will Drop**—To the extent that Regulation X has made builders cautious, it has already achieved one of its main objectives: a cutback in 1951 housing starts. Reason: There's a big time lag between a decision to build and the first shovelful of dirt. "Even if we go back to our drawing boards today," a southern builder warns, "you would see no additional starts for at least six months to come."

That doesn't necessarily mean a dearth of starts for the first half of 1951. A flood of plans—FRB estimates it at several hundred thousand—were hastily approved by the Veterans Administration and Federal Housing Administration just before Regulation X went into effect. These will keep builders busy.

But if starts are due for a substantial drop late next year, dollar volume isn't—at least not as much. Most builders hope to stretch labor and materials by shifting attention from homes in the \$8,000-\$10,000 range to custom units selling for \$15,000 or more.

Of course, down payments are relatively steeper on the expensive homes (a \$9,000 home would require 21%; for a \$25,000 home the initial payment would be 50%) but cash doesn't seem to be a problem.

"You'd be surprised at the amount of liquid assets around," says a Massachusetts developer with a stack of orders for homes in the \$22,000 class. "Some buyers can plunk down pretty near the whole purchase price."

"There's a whole new group of buyers in the market now—people with money," says a Detroiter. "Korea has made a lot of people realize that home prices aren't going lower; it's now or never."

That's why FRB is standing firm against industry demands for an easement. The board is not yet convinced that starts will drop by more than the one-third it's shooting for—to about \$50,000 in 1951.

## Auto Freight Row

New ICC rates benefit Chrysler, snipe at Ford and GM. Charges are geared to intra-industry competition.

The Interstate Commerce Commission last week wound up one phase of a long-standing battle over auto freight rates. But whether the new rates it set have wound it up for good is a question. It's also a question whether ICC may not have overstepped itself. That's because it fixed the rates, in part at least, on the basis of the competitive situation in the auto industry.

One thing is clear: Chrysler Corp. is happy. The new rate structure sets a freight charge from headquarters auto plants at 75% of the Class I rate, a 12% cut from the previous 85% rate; the rate from branch plants cannot be less than 50%. The effect is to lower costs of shipping from home plants and to raise them from branch assembly plants.

• **Chrysler's Stand**—Chrysler has been fighting for the lower home-plant rate for years (BW-Sep. 22 '45, p24). Its argument ran that its main shipping point was Detroit, where freight rates were at their maximum. This gave Ford and General Motors a profit advantage. A group of the smaller, so-called independent producers lined up with Chrysler.

The profit disadvantage grew out of the fact that Ford and GM have assembly plants scattered over the country. Freight rates on new cars from these branches were often lower than the rates from the home plant. This was particularly true in the South, where rates sometimes ran as low as 30% of Class I rates.

Auto prices include freight out of the home plant (usually Detroit), even when the car is assembled somewhere else. If a car were assembled in Atlanta, say, and shipped to Mobile, the auto maker would pay the cost of freight from Atlanta to Mobile; he would also pay the cost of shipping parts from Detroit to Atlanta—though this is usually considerably less than the cost of shipping assembled cars from Detroit. But he would still fix his price on the basis of freight from Detroit. Since the Detroit freight rate is high, the lower branch-plant rate worked to his advantage. The new 50% minimum on the branch rate will cut this profit once; the lower Detroit rate will cut it again.

The southern railroads aren't happy about the increase, either. They claim their unusually low rates are the result of highway-carrier competition. They fear that with the higher rates they may

not be able to meet the competition of over-the-highway haulers. So the ICC order may be appealed. The case could go either to ICC for reconsideration or to a specially constituted court.

• Trouble for ICC?—If the order is appealed, ICC may have to answer some questions. For when it set the new rates, it stated outright that the old rates had the effect of making available "greater funds for use in the various manufacturing operations or for the payment of larger dividends to stockholders. . . . It is clear that General Motors and Ford are benefited, and the other manufacturers are injured. . . ."

This kind of consideration, the dissenters say, is not in ICC's bailiwick.

## Atom-Bomb Program

### To Expand Again

Production of atom bombs is going to be steeply expanded again, for the third time. Capacity to produce bombs was slightly enlarged when the Atomic Energy Commission first took over after the war. Then last year, when the U.S. discovered that Russia was making atom bombs, AEC started building new facilities that would just about double capacity. Some of that work is already completed; nearly all of it, it seems likely, will get into production before next year is over.

• Another \$1-Billion—Now Truman is about to ask Congress for \$1-billion to start another large expansion. First plant in this program, it was announced this week, will be located in South Carolina on the Savannah River near Augusta, Ga.; it is expected to cost some \$260-million. Another new plant is likely to be located on the Mississippi River near Arkansas City, Ark.

A large part of the facilities will be usable interchangeably for plutonium bombs of the type now manufactured or for the AEC's proposed super-weapons, the so-called hydrogen bombs. Such bombs would carry an explosive charge of tritium, an extra-heavy form of hydrogen, in addition to the standard charge of plutonium or uranium 235. Thus, such a bomb could be made as big as desired; there is an inherent ceiling on the size of conventional atom bombs.

Plutonium is now manufactured in big atomic reactors at Hanford, Wash., by transmutation of uranium. Similar reactors at the new plants can either make more plutonium or can transmute the metal, lithium, into tritium. BUSINESS WEEK has estimated (BW-Jul. 8 '50, p 58) that plants capable of producing fuel in a given period for one H-bomb with 10 times the power of a conventional A-bomb could be used instead to produce fuel for 60 A-bombs.



HIGHBALL GLASSES and "Men of Distinction" are practically synonymous; waiters found this out last week while keeping 19 M-O-D's supplied simultaneously.



THE POSE: Artist Russell Patterson strikes "Man of Distinction" attitude.



NEW MEMBER, vacuum-cleaner maker Alexander Lewyt, threw the party.

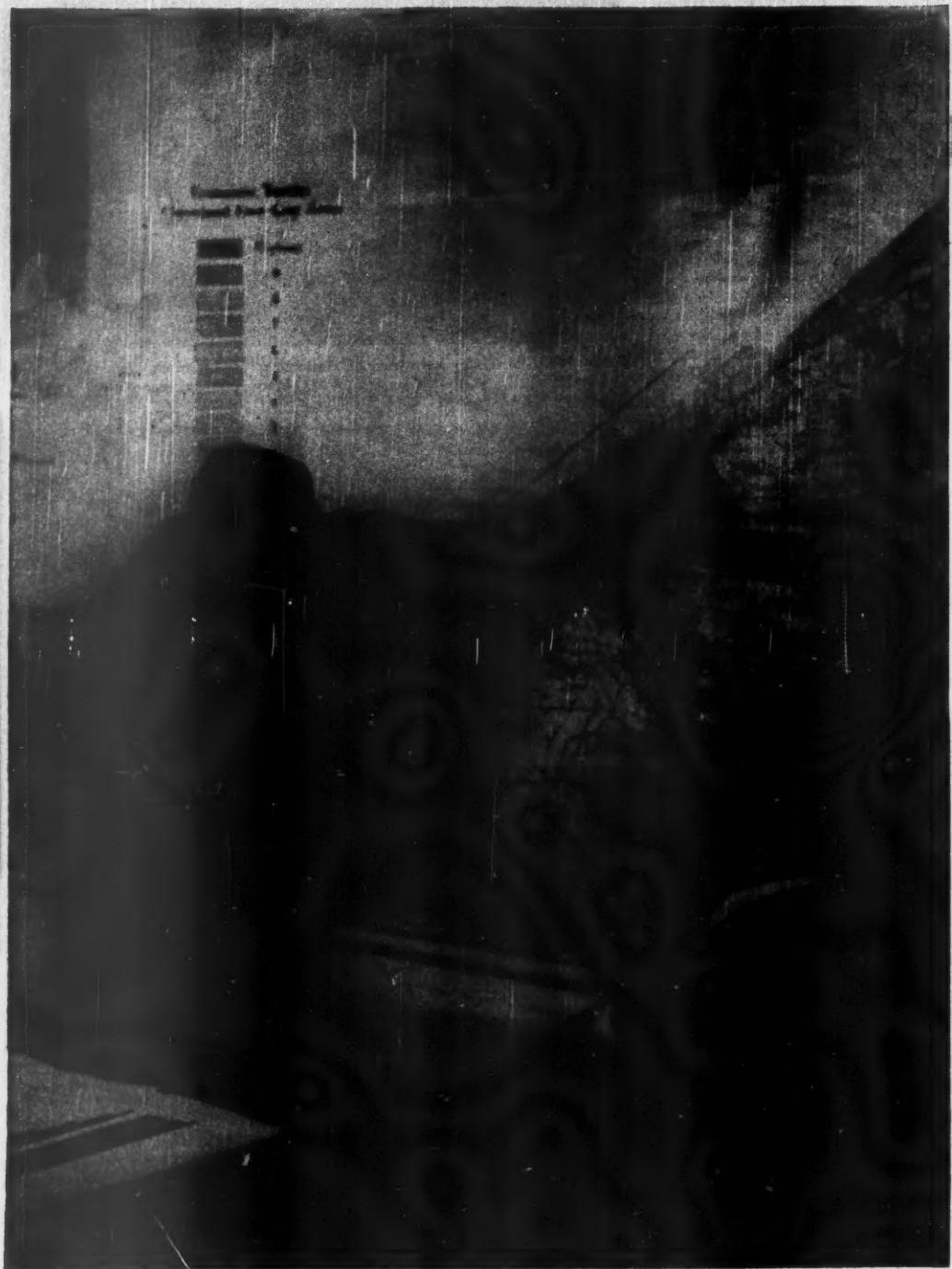
## Organized Distinction



TYPICAL M-O-D, conductor Arthur Fiedler, made distinguished conversation.

Posing semifamous men among exotic surroundings is an advertising idea that occurred to Calvert Distillers back in 1943. Since then, the phrase, "Man of Distinction," has become a trademark, a household word, and a gag for cartoonists and radio comedians.

Last week, at Calvert's urging, Alexander Lewyt, president of Lewyt Corp. and Calvert's November Man of Distinction, threw a party and invited all previous Men of Distinction—and the press. Only 19 of the 42 living M-O-D's turned up. Those that did, however, agreed with Calvert that their brotherhood hadn't exhausted its publicity possibilities. From now on, therefore, the M-O-D's will lend their names for the furthering of good works. First on the list: Cutting a record for radio use, assuring the free-enterprise system of their backing.



## PICKING THE SITE

Cleveland Electric Illuminating Co. makes a business of luring new customers to its city. First step: CEI executives scan map to locate an ideal spot for the prospective plant.



**GOODWILL** Robert Hienton, CEI promotion boss, explains city's advantages to prospects.



**HARD FACTS** are the real backbone of CEI selling. Company engineers prepare a factual pitch.

## Utility Sells Cleveland—at a Profit

A year or so ago, agents from Cleveland Electric Illuminating Co. talked the Ohio highway department into a \$100,000-plus job of road building. Directly, the relocated road didn't mean a thing to CEI. Indirectly—but that's another story.

• **Jobs for 8,000**—The building of the road played a big part in getting Ford Motor Co. to set up an engine foundry and an engine factory in Cleveland. Completely installed, the plants will cost \$80-million, provide jobs for 8,000 to 10,000 Clevelanders. Also, Ford will buy its electric power from CEI, a whacking big new account.

Incidentally, CEI convinced the highway people by showing them that the cost of the road would be paid for by the single item of sales taxes that would

be collected from new Ford employees.

- **Five-Year Drive**—Getting the road that got the Ford plant was just one move in a five-year-old drive put on by CEI to bring new business to Cleveland or to persuade old industries to expand. So far the campaign has cost about \$100,000 a year. That's a crumb cast on the industrial waters when you figure that it has produced \$700-million in plant expansion, built or pledged. Of that, 48% came from outside, the rest from local expansion.

In all, 90 concerns have jumped on the bandwagon that bears the CEI slogan, "The Best Location in the Nation." Quarterbacked by hulking Robert Hienton, general sales manager and ex-pro football player, CEI has been plugging its slogan by newspaper ads,

radio, pamphlets, and a five-man staff of evangelists that the company calls its Development Division.

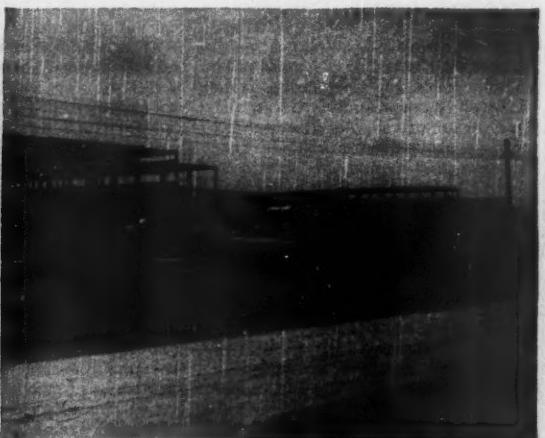
- **Big Customer**—The drive started after World War II. CEI had expanded briskly during the war, then lost a big chunk of business when Electro-Met decided to generate its own power. Left with some surplus capacity on its hands, CEI decided to do something.

Basically, here's how CEI works. The Development Division looks around for likely companies to be enticed to Cleveland—and to using CEI power. Big plants are desired, but small ones are sought, too. CEI has given the full sales treatment to little companies—one of them had just 10 workers.

- **Prospects Scanned**—Hienton and CEI President Elmer Lindseth look over



**SERVICE** This CEI pair with armload of plans hopes to persuade city fathers to build new access road.



**RESULTS** The road was built, helped bring this Ford Motor Co. plant into CEI's orbit.

prospects carefully. Will the new firm fit into the Cleveland industrial picture? Will it help diversify existing industry? Companies that are fugitives from labor trouble or high wages are ignored. Bracketed with the hunt for new businesses is a steady campaign to get existing plants to stay put or expand.

Once CEI has picked its prospect, company engineers really work up a set of figures on why the company should build. It's cost-accounting work, not pipe dreaming. And CEI, on its own hook, ferrets out the best plant site.

• **Below the Top**—Then comes the approach. Like as not, it will be made below the top level of management. CEI men talk to the next-to-the-top executives, sell them on Cleveland's advantages. Sometimes, this sales talk has already seeped to the top from inside by the time CEI makes its real pitch. The apostles of Cleveland find the head men already sold by their own staff.

CEI provides more than sales talk; there's also service, as in the case of the Ford road. Getting the Ford plant is a good example of CEI's campaign.

Three or four years ago, word got around that Ford was hunting a site for a stamping works. CEI sales made a big try, lost out to Buffalo when Bethlehem Steel there promised Ford all the steel it needed. CEI was unable to wangle such a commitment out of Cleveland steel men.

The story had a happy ending for CEI, though. During the futile drive, CEI men had gotten in some good selling. And so, early this year, Ford decided to build its engine foundry and factory in Cleveland. Arranging to have a road built to the Ford site helped.

• **Byproduct**—Here's another example of how CEI works. A chemical plant was having trouble disposing of its by-products. CEI on its own hook looked up a potential buyer for the byproducts, used its lower-level approach, talked top management into building a multi-million-dollar plant in Cleveland. The first company's byproducts had a buyer. This sort of cooperation is paying off. Here are some of the figures: CEI services a 100-mi. stretch along Lake Erie from the Pennsylvania line to 20 mi. west of Cleveland. During the war, CEI hit a peak of 740,000 kw.

Just after the war, the company lost 140,000 kw. of load as plants closed or installed their own generators. Despite the huge loss, CEI sales last month reached an all-time high of 900,000 kw.

CEI's capacity tells the story another way. In 1940, capacity was 602,000 kw. The war brought this up to 804,000 kw. Since then, it has been upped to 984,000 kw. New facilities will bring in another 150,000 kw. in 1951.

That's fast growing; but the Development Division says it can find new business faster than CEI finds generators.

## Ready Reckoner for Excess-Profits-Tax Revenue

(in billions of dollars)

Percentage of base-period earnings exempted

Rate of tax	100%	95%	90%	85%	80%	75%
60%	1.2	1.4	1.5	1.7	1.9	2.1
65%	1.6	1.8	2.1	2.3	2.5	2.8
70%	2.0	2.3	2.6	2.9	3.1	3.4
75%	2.4	2.7	3.1	3.4	3.8	4.1
80%	2.8	3.2	3.6	4.0	4.4	4.8
85%	3.2	3.6	4.1	4.6	5.0	5.5

## Figuring Excess Profits

Congress will probably vote an EPT to bring in a lot less than \$4-billion, raise the difference with a higher corporate rate. That leaves lots of possible combinations.

The handy gadget above seems sure to get a workout from congressmen next year. They will often turn to it to help them out of their most pressing dilemma:

How to raise enough revenue to pay for rearmament without voting a crippling excess-profits tax?

The table was worked out by congressional tax technicians. It is due for a lot of use if the lame-duck lawmakers dispose of Administration proposals as they are now expected to—that is, if congressmen allow the \$4-billion proposal to die in the Senate Finance Committee.

• **House Stand**—Right now, it seems safe to say that in what remains of the present session the House will pass the Treasury's EPT in substantially the form Secretary John Snyder proposed (BW-Nov. 18 '50, p24). Here's what that bill would do:

(1) It would permit corporations to treat as "normal" earnings the average of the best three years out of the four-year period, 1946-49—reduced by 25%. Or they could use an invested-capital base similar to that allowed in the last war's law. Only this base would be more generous.

(2) It would tax the excess-profits net income at 75%.

• **Senate Stand**—The Senate opposition—especially to reducing the base 25%—will throw the whole problem into the lap of the 82nd Congress.

Chances are that the new Congress won't quarrel with the total revenue the Administration will say it needs. But there will be a lot of sentiment for getting at least some of the money by other taxes than EPT.

Why not drop EPT entirely? Because there's a feeling that such a move would be politically dangerous, that a lot of

people think an EPT is the best way to prevent war profiteering. Besides, many congressmen feel bound by last September's resolution, incorporated in the stopgap law, which was in favor of such a tax.

• **Compromise**—So look for some kind of compromise—a flat increase in the corporate surtax rate, plus an EPT much milder than that proposed by the Treasury. And that's where the table above comes in.

Suppose Congress should want to split the Treasury's \$4-billion between a flat increase and an EPT. Each percentage-point increase in the current corporate tax rate of 45% is calculated to bring in approximately \$350-million. To get about \$2-billion, then, would require a 5½-point increase—to approximately 50%.

• **EPT's Share**—But that still leaves \$2-billion to be raised by an EPT. To find out what combination of base percentage and excess-profits net income rate you would need, all you have to do is look the table over.

You will find that four combinations will produce sums that are within a \$100-million range of the \$2-billion target figure.

A 60% tax rate with an average-earnings base deflated to 80%.

A 60% tax rate with an average-earnings base deflated to 75%.

A 65% tax rate with an average-earnings base deflated to 90%.

A 70% tax rate with no deflation at all.

Congressmen can take their choice. Some may prefer the lower rate with a little deflation. Others—who may oppose deflation because it implies that pre-Korean profits were excessively high—may come out in favor of the higher tax.

# More Aluminum, More Steel Coming

Three U.S. industry deals will up aluminum capacity 790-million lb. J&L gets fast writeoff for steel program; goals still rise.

The big talk—in Washington and out-about emergency plant expansion moved into action this week.

• Three aluminum producers have agreed to a government deal that will bring in an added 790-million lb. of capacity next year and in 1952.

• Steel producers are enlarging their ideas on their expansion program. First results mean an increase in ingot capacity of 700-million tons a year, over and above expansion announced earlier. And the industry that a few months ago was talking 10-million tons of new capacity by the end of 1952 (BW-Sep.23'50,p19) as the most the country would ever need is now talking of pushing on to 20-million tons by the end of 1954.

All this is if chief mobilizer Symington hasn't knocked the props from under his own program. His niggardliness in handing out the first certificates of necessity for fast amortization may prove a mighty monkey wrench in the steel-expansion works.

## I. Aluminum Deal Set

General Services Administration, the government buying agency, has come to terms with three aluminum producers for an additional 790-million lb. a year of capacity—a 23% increase in present capacity. The breakdown goes like this:

Alcoa	240-million lb.
Kaiser	200-million lb.
Reynolds Metals	200-million lb.

To bring the total up to 790-million, the industry adds some 150-million lb. from surplus potlines that are being reactivated and Alcoa plants that are to be kept going rather than shut down.

That total is still short of Symington's immediate goal of 1-billion lb. and way short of his later goal of 2-billion lb. (BW-Oct.21'50,p25). But James Boyd, chief of the Bureau of Mines, has recommended scaling back the short-term goal to the 790-million-lb. figure, for now, anyway.

• **The Deal**—The government pattern to help aluminum expansion runs like this: (1) General Services guarantees the sale, either to industry or to the government stockpile, of all output of the expanded facilities for five years; (2) the companies get certification of the new plants for five-year amortization for tax purposes; (3) they may get certification to the Federal Reserve Board for V-loan guarantees for bank loans

that may be needed to pay for the expansion.

Reynolds Metals signed up first. It will get 50-million lb. new capacity by adding surplus potlines to its Jones Mill (Ark.) plant. The other 150-million lb. will come from a new plant. The new one will be in Louisiana or Texas, if Reynolds decides to use natural gas for power; in Kentucky if it decides to use coal. Reynolds will probably take advantage of the government-guaranteed loans.

Alcoa's deal involves 40-million lb. of capacity by adding one potline to its Point Comfort (Tex.) plant; 200-million from a new plant. Alcoa hasn't picked its new site yet.

Kaiser Aluminum & Chemical will sign with GSA soon, too. It will get its 200-million lb. from one or two new plants, probably in the Southwest.

## II. Steel Goals Rise

Aluminum is definitely working on the basis of government guarantees. Steel is going ahead on its own.

Behind the steel drive is this important fact: The industry and the government are both raising their sights on capacity that's needed. Louis Bean, Agriculture Dept.'s statistical prophet, is now speaking in terms of a 130-million-ton yearly capacity instead of the 120-million tons government officials have been talking about.

Bean's line is that we need right now the 110-million tons that the steel industry has promised for January, 1953. By then, we'll need 10-million more—or 120-million.

• **First Move**—J&L—National Security Resources Board came a big step nearer its steel goal this week when it issued the first necessity certificates permitting accelerated amortization in the steel industry.

Jones & Laughlin Steel Corp. received eight certificates involved in a \$144-million expansion program. That means J&L can write off the expanded facilities in five years, for tax purposes.

This program will increase yearly ingot capacity by 1.2-million tons; coke and related byproducts, 266,400 tons; electrolytic tin plate, 168,000 tons. J&L already had plans in the works for six new furnaces to add 500,000 tons ingot capacity; this was included in the industry's 10-million-ton program. Now its certificates cover five more furnaces, totaling 700,000 tons. All together, it is now making plans for 11 furnaces

at its South Side Pittsburgh works.

• **Big Steel**—Pittsburgh steel circles are full of talk of other applications for the amortization speedup.

U.S. Steel is supposed to have filed an application covering facilities for its projected plant at Morrisville, Pa. Big Steel, however, is mum. All it will say is that it won't get possession of the tract before spring and that ultimately it will build a mill there with a minimum ingot capacity of 800,000 tons.

Pittsburgh has its own idea about that figure. It's much too small, the steel men say. They feel that the two latest Big Steel open-hearth shops—at Geneva, Utah, and at Homestead, in the Pittsburgh area—are more realistic guideposts. Each has a capacity of 1.5-million tons and more.

• **Other Expansions**—Republic Steel has already announced a \$75-million program for Cleveland (BW-Nov.25 '50,p24).

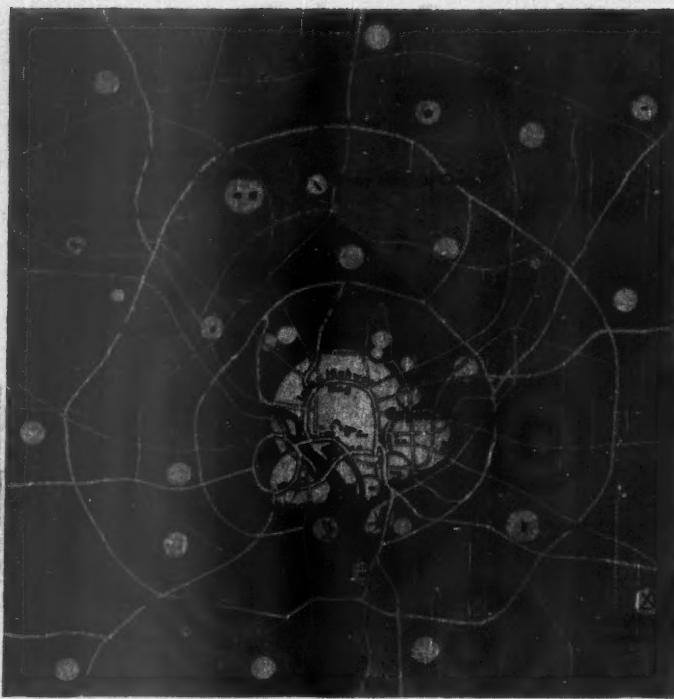
And this week, Granite City Steel Co., Granite City, Ill., said it planned a \$50-million expansion to double capacity. This would up Granite Steel's output to over 1-million tons a year.

• **No U.S. Loans**—There's one of Washington's deals that Pittsburgh isn't buying. That's government-guaranteed loans. True, one of the smaller steel companies has said that if it's to do any more expanding, it would have to have both the accelerated amortization and the guaranteed loan. But that's the only suggestion so far that government money would be welcome. The only real prospects for government-guaranteed loans in steel, Pittsburgh feels, are for any "political" mills that may be built—such as the proposed plants for New England and Texas.

• **Catch**—There's just one catch to the whole steel program, and it's a big one. Jones & Laughlin got the eight certificates it asked for, to permit five-year tax writeoffs. But J&L did not get from National Security Resources Board a 100% writeoff of the expansion.

Rather, the writeoffs range from a low of 35% to a high of 80%, average about 55%. That is, roughly 55% of the \$144-million has been approved for tax writeoffs in five years.

• **Giveaway?**—Apparently the reason for this rather tight-fisted attitude is political. Symington has said he would not "give away" a plant in five years if it had a useful life expectancy in peacetime of more than five years. This, in spite of the fact that the five-year amortization is no give-away program; once the five years are over, taxes on a plant that has no more depreciation writeoff will come snowballing (BW-Oct.21'50,p61).



NO JAM-UPS: Plan would move U.S. agencies outside Washington, set up new road net.

## One City's Traffic Solution

**Decentralization would lick Washington congestion, get agencies out of bomb range. Congress is likely to buy program.**

"Traffic is fierce! And it's getting worse every day!"

Chances are you've let off steam in much those words lately, particularly if you travel from a home in the suburbs to an office in town. And there's no doubt that you are right.

**Traffic is bad.** Every planning commission in the country ranks traffic congestion among its worst problems.

**Traffic is getting worse.** At a U.S. Chamber of Commerce conference on urban problems last week in Washington, figures were brought up to show that traffic volume in 1950 is at a record high, 7% above last year and 27% above 1941, the prewar peak. And *BUSINESS WEEK* correspondents in a score of cities report increases in traffic that range from about 5% in New Orleans to 37% in Detroit.

**• 15-Mile Move—**Washington, D. C., is one of the places where the problem is the worst. But Washington is trying to do something about it. Last week the National Capital Park & Planning Commission announced a 30-year decentralization project. It calls for mov-

ing many federal agencies and activities from 15 to 20 miles out of Washington.

The commission cites two principal reasons for its plan: to reduce traffic congestion, and to get key agencies out of range of possible atomic attack. The second reason is bolstered by a recommendation of the National Security Resources Board last August that key agencies be moved as far as 50 miles from Washington. This week General Services said 15 miles is far enough.

**• Away From Bombs—**It's this reason that makes quick congressional approval of the plan likely. The current lame-duck session probably won't take any action. But sponsors are counting on a fast O.K. from the new Congress—despite the fact that lawmakers balked at NSRB's plan last August. What makes the difference this time is the difference between 50 and 15 miles. Congressmen like to have federal agencies near enough to keep close tabs on them.

Most congressmen are uneasy, to say the least, about the volume of government activities packed into the "federal triangle." This is the piece of Wash-

ington bounded by Pennsylvania Ave., Constitution Ave., and 15th St.

**• To the Hills—**The commission's plan would move six or eight agencies—employing some 5,000 each—into nearby Maryland or Virginia right away. More would be moved later, over the 30-year life of the plan. Around each agency, the plan envisions a community of some 25,000—including the families of agency employees, the service workers they need to take care of them, and their families. Having the employees live in the communities where they work will be a big help in solving the traffic problem.

**• Traffic Net—**Radial freeways would connect these communities with downtown Washington, and circumferential routes would connect them with each other (map). There would be three of the latter: one about a mile from the White House to keep a lot of traffic out of the central area; the second three to five miles out; and the third, an outer bypass route, six to ten miles away.

The radial routes would extend from the center to all parts of the urban area, and beyond. Some of these (Suitland Parkway, Shirley Memorial Highway, and others) are already in existence. Others are under construction. Still others would be brand-new.

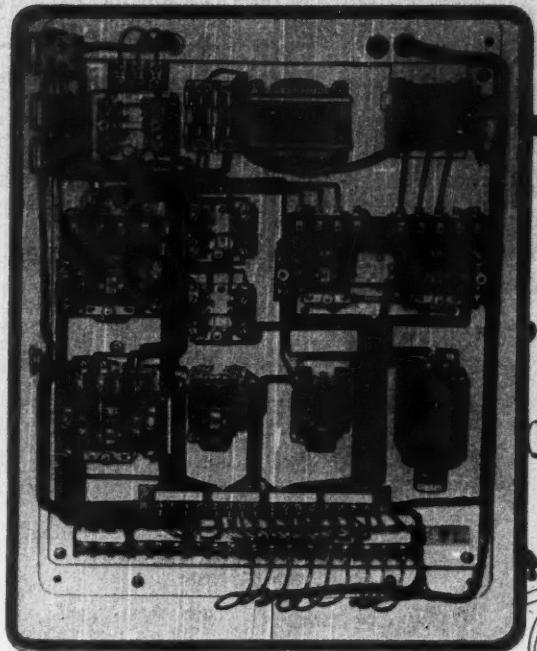
The plan would make it possible to hold federal employment in downtown Washington to 140,000; all future federal growth would be shifted to the satellite communities. This would result in keeping total Washington population below the 1-million indicated by 1980 at the present rate of growth.

**• Steps Already—**Actually, limited decentralization has been going on in the capital for 10 years. The Pentagon is across the river in Virginia. The Census Bureau is at Suitland, Md., 8 mi. southeast of Washington; the Strategic Air Command at Andrews Field, 10 mi. east; and so forth (map).

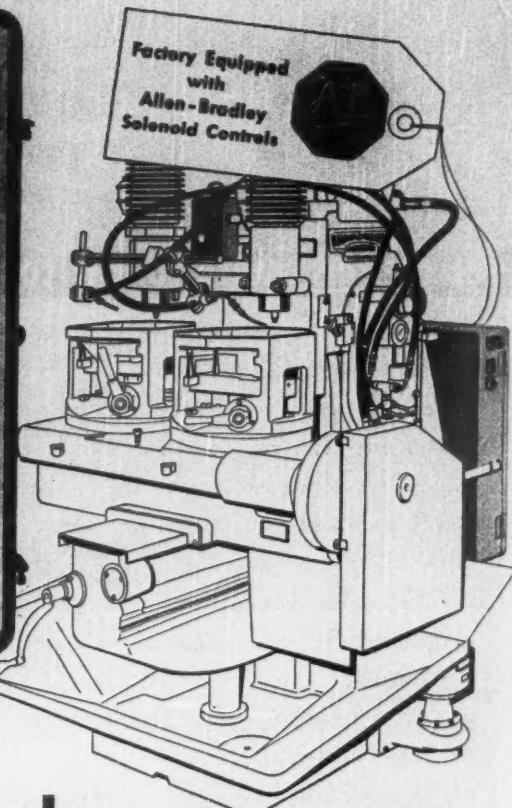
The city is also trying to meet the immediate traffic problem. It's widening major arteries, prohibiting parking and reversing one-way streets in rush hours, and staggering work hours.

But none of these touches the worst Washington problem—parking. Street parking is so tight that some federal employees from Maryland and Virginia drive to town at 6 a.m. to grab what few spaces are available, then go to sleep in their cars until time to go to work. And many residents prefer to drive to suburban stores to shop rather than brave the downtown parking trouble.

**• One Employer—**All in all, Washington's traffic problem is basically the same as that of most other cities. And in theory the commission's solution—decentralization—would work for them. But the only thing that makes the solution possible for Washington is that it has only one principal employer—and a defense justification for the cost.



Close-up of Allen-Bradley control panel showing starters, contactors, and relays.



## Kearney & Trecker MILLING MACHINE

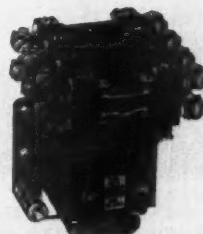
equipped with Allen-Bradley Sequence Control

This Kearney & Trecker special milling machine comes factory equipped with an Allen-Bradley control panel.

The small compact size of Allen-Bradley solenoid operated equipment makes it ideally suited for the assembly of special control panels. Reliable Allen-Bradley solenoid contactors and relays . . . all with patented silver alloy, double break contacts . . . provide long, trouble free performance. Dependable Allen-Bradley thermal overload relays protect the milling machine motors against overloads.

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Bulletin 700 Universal 4 Pole A-C Relay can be changed from normally open to normally closed contacts, or vice versa, merely by changing contact connections



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QUALITY

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Follow this Barber-Greene Loader as it travels under its own power from job to job. You'll see how one man and one of these high capacity green machines can lead you to low-cost loading of any free-flowing bulk material. For example: one man can load coal, sand, chemicals, stone, etc., directly from stock pile at up to 3 cubic yards per minute. With its low 12-foot clearance, it can easily operate under sheds, in warehouses, inside the plant, reclaiming materials or loading ashes or waste. Hydraulically controlled load trimmer permits loading to the side (trucks don't have to back up) or over the cab to keep truck and loader in one lane as in snow loading or shoulder cleanup in traffic. Long reach permits loading highest, longest trucks or trailers, even railroad cars.

Follow the lead of many other manufacturers and contractors faced with the problem of increasing production and profit without increasing manpower and overhead. Send for complete information on these efficient, high capacity Barber-Greene Loaders. Barber-Greene Company, 650 West Park Avenue, Aurora, Ill.

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**Barber-Greene**

A company of engineering and manufacturing experts building machines and equipment for loading, unloading and conveying all bulk materials, for mixing and placing bituminous black-top surfaces, for ditching, for snow removal.

Paint price hikes were posted by three companies—Sherwin-Williams, Glidden, and Devoe & Reynolds. The increases, laid to rising materials costs, ranged between 3.4% and 5½%. Glidden saw another possible advance within 60 days.

Queen of the lake fleet: M. A. Hanna Co. will start building it next summer at the yards of American Ship Building. The ore carrier will have a capacity of 19,000 tons, bigger than any now on the Lakes. It's the tenth addition to the fleet since Korea.

Import controls on lard, tallow, palm oil, and various other fats and oils were lifted by the U.S. The curbs went on during World War II and have been kept since then to protect domestic prices.

Pink tooth brush is out for any future ad campaigns by Ipana (Bristol-Myers); a court of appeals upheld a Federal Trade Commission order. Bristol-Myers hasn't played up the theme since the early war years.

Public power finally squeezed through in Seattle. The complete count shows the referendum to buy the properties of Puget Sound Power & Light Co. carried by 681 votes. Now the county prosecutor and SEC will investigate to see why Puget Sound stock prices shot up and down with the seesaw vote results.

Harlan, Ky., is embarrassed, say local coal operators, over the city's action in bringing natural gas into the heart of the coal country. They want the city to cancel the 20-year franchise it gave a local gas company to supply the area.

Antitrusts won a decision in the Supreme Court against U.S. Gypsum and six other wallboard makers charged with illegal price conspiracy and monopoly. The court also laid down a sharper criterion on delivered pricing. It is illegal, it said, to agree on "any plan of selling . . . products at prices . . . determined pursuant to a delivered-price plan, which results in identical prices . . . at any given point of sale . . ."

Two new curbs on cobalt put a 20-day limit on inventories and set new allocations for the metal in December. Holders of DO orders will get 60% of the quantities ordered; unrated users will get 50% of their average use in the first half of 1950.



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■ The TRÖLLAFOSS, carrying frozen fish and fish products from Reykjavik, Iceland, cuts one or two days each trip by using an inland route through Belle Isle Straits, i.e., approaching the customary Great Circle Course. Before in-

stalling Sperry Radar, heavy fog and icebergs made this route too hazardous for safe navigation.

■ "Very often on the inland route we have day and night foggy weather and run into ice 400 to 500 miles east of Belle Isle," says Captain Bjarni Jonsson. "At times you look into the radar scope and can see 20 to 30 blocks of ice east of Newfoundland, 200 to 300 miles north of Cape Race—south of Greenland, it's all ice."

■ Sperry Radar picks up large icebergs at 12 miles, and small ones at 5 to 6 miles. Low ice, about one foot high, shows clearly on the Sperry Radar scope and appears similar to a shoreline.

CAPTAIN BJARNI JONSSON  
OF THE SS TRÖLLAFOSS



■ The experience of Captain Jonsson with Sperry Radar is similar to that of all types of vessels from ocean liner to trawler. Our nearest district office will be glad to furnish you with details.

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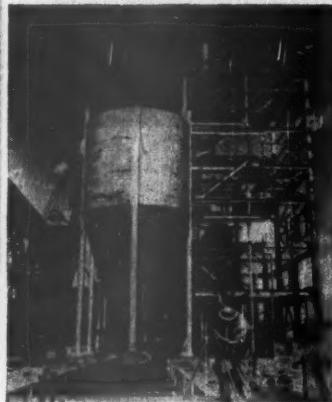
# CITIES

grain

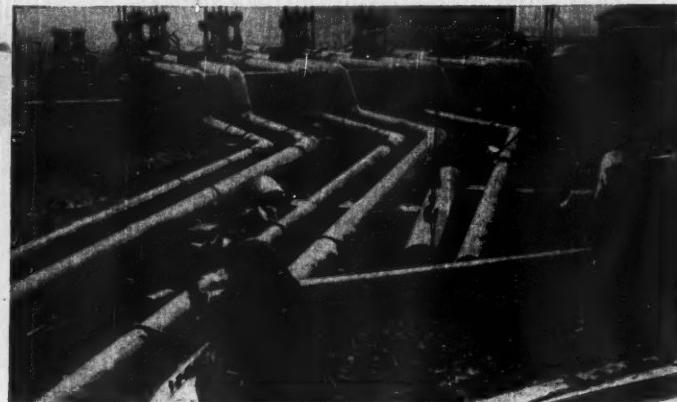
coal

ore

**Grain, Coal, Ore** —above all, ore, pouring down from the Mesabi range. That's the life blood of the Duluth-Superior Twin Ports. And now the range is running out of good ore. Strange results: even more prosperity from . . .



**Beneficiation** of low-grade ore. It's a new industry.



**Oil** coming down from the Alberta fields in a new pipeline, for refining, will help turn the Twin Ports from a shipping point to an industrial center.

## Twin Ports' Fortunate Disaster

For 40 odd years iron ore has been the life blood of Duluth, Minn., and of its sister city, Superior, Wis. When the steelmasters want ore, everybody prospers. When steel mills in Pittsburgh, Chicago, and Youngstown close down, Duluth-Superior goes into a tailspin.

Minnesota's great Mesabi range is the main source of iron ore for the nation's steel industry. Duluth-Superior is the major shipping point for Mesabi ore. It's also the market center for the men who dig the ore and haul it to lakeside. Because of iron ore, the port of Duluth-Superior is second only to

New York City in tonnage handled each year.

### I. Paradoxical Outlook

Today, the end of the Mesabi range's high-grade ore is in sight. Another 10 or 20 years, and huge holes in the

ground will mark the spots where open-pit mines once flourished.

• What will happen to Duluth and Superior then?

Paradoxically, they'll be better off than ever.

As Mesabi's ore wanes, the steel industry will turn more and more to taconite to fill its iron needs. Minnesota has vast deposits of this low-grade ore. It's cheaper to beneficiate the ore before shipping it out than to move a lot of dirt. And that means industrial expansion in Minnesota. It will take two or three times as many men to turn out taconite concentrate as it now takes to turn out a comparable amount of open-pit ore. What's more, the plants will run the year round. Many mines are operating only eight months a year at present, close down during the winter.

That program means stepped-up building and more jobs. Businessmen are already talking confidently of a \$500-million investment in taconite plants over the next decade or so. Their attitude is in marked contrast to the pessimism of a few years ago.

• Signs—This week Duluth citizens can see two concrete signs of the new prosperity they are convinced is ahead.

• Crude oil from the Alberta (Canada) oil fields started flowing into Superior over a new \$90-million pipeline. Most of this oil will eventually move by lake tanker to Canadian refineries in the Sarnia (Ont.) area; but some will be refined at Superior and the products sold in Minnesota, Wisconsin, and upper Michigan. One refinery has already been built, and two more are in the works.

• Western Electric Co. last week signed a five-year lease for industrial space in Duluth. What WE will make there hasn't been announced, but upwards of 1,500 will be employed. This represents the return of an industry that had left the region (WE made central office equipment there from September, 1946, to March, 1950).

## II. New Boom, New Leaders

Riding the boom is a new upshot of businessmen. They've taken over the reins from the conservative die-hards, traditional in Duluth.

Almost from the time the Merritt brothers discovered the Mesabi range in 1892, Duluth-Superior has had its share of wealthy people. They were the timber barons, the ore property owners, and the shipping men. As the second generation took over, the inevitable happened. Too many of these scions were content just to sit back and clip their coupons.

From 1920 on, Duluth-Superior stood still populationwise; the two cities actually lost ground in the 30's. There

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\*Names on request



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The eight-foot picture window is now available in all CHAMPION Home models...all five sizes! It's the prize asset in America's living room! Five elevations, five sizes, right or left hand plan.

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Coronado



CHAMPION



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NEW ALBANY, INDIANA

Mr. Builders: Gunnison Homes, Inc., U. S. Steel Corporation Subsidiary, is now granting additional DEALER FRANCHISES. We welcome inquiries from qualified, financially sound businessmen. Investigate NOW! Write Dept. W-B for complete information.

didn't seem to be any future at all for young people, who, often encouraged by their parents, moved on to greener pastures.

The men who dominate Duluth-Superior business life today are an entirely different breed. Back in the 40's "a lot of good funerals were held," to quote one present-day business leader. The way was opened to younger businessmen. One sign of the new spirit: When the younger men started to agitate for a long-range industrial development program, this led to a \$130,000 fund to run a New Industries Bureau in the Duluth Chamber of Commerce. A similar organization has been set up in Superior.

### III. Straws in the Wind

It's hard to say just how much of Duluth-Superior's present business activity can be laid to this new optimism. Business is good everywhere, and ore movements on the Great Lakes hit a near-record pace this season. But local weathercocks point to a boom:

- One large real estate operator says he has no intention of selling his industrial and waterfront sites at today's market: "The property is going to be worth more a few years from now."

- Minnesota Power & Light Co., providing electric power for the entire region, has decided to boost its system capacity from a present 214,000 kw. to 335,000 kw. by 1953. To help finance this expansion, it will sell 150,000 shares of common stock next year. Five underwriting syndicates have been formed to bid on the stock. The power company expects to net \$4.5-million from the sale.

- A piece of downtown Duluth real estate changed hands a few weeks ago at the highest price on record—almost \$6,000 per front foot.

- A natural-gas pipeline from Alberta to the Twin Ports is past the talking stage. Engineering surveys of market potentials are under way.

- Lake Superior Refining Co., which will take 4,000 bbl. a day of Canadian crude when its refinery is completed in 1951, is financed in large part by Duluth-Superior money, not outside funds.

### IV. Endowed by Nature

Located at the extreme western tip of Lake Superior, the two cities straddle one of the finest natural harbors in the world. Rimming the harbor are huge grain elevators with storage capacity for 50-million bu. of grain, 21 coal docks which annually receive 5-million or more tons of coal from lower lake ports. And—most important of all—seven ore docks.

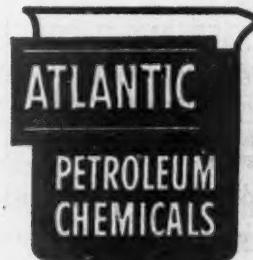
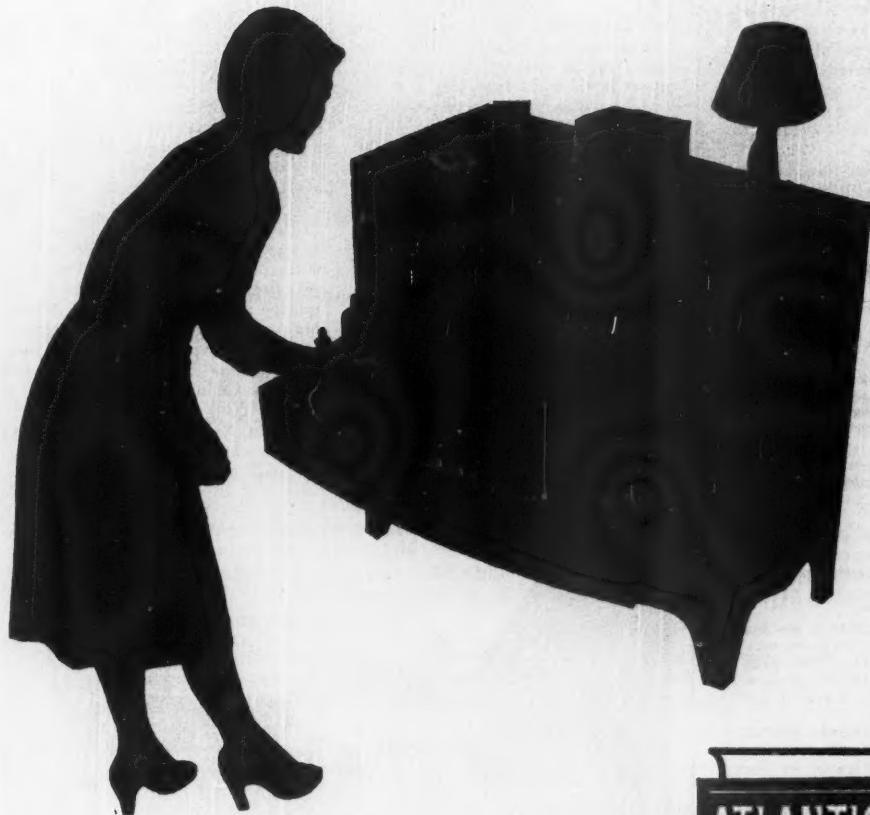
Ore trains from the mines run out

## **Who says she has nothing to wear?**

The young lady can dress herself out of that drawer. From the symbolic oil refinery come petroleum chemicals. Some are used to make rayon and nylon. Others make dyes or make textiles water repellent and waterproof. Others improve textile finishes. There are petroleum chemicals in the rubber girdle that gives her the new silhouette. They speed up the processing of the leather wisps she slips onto her stocking feet. And even her plastic handbag is produced with their help.

Atlantic makes petroleum chemicals. Among them a group of hydrocarbons, the chemical "building blocks." They have already found wide use in producing plastics, synthetic rubber and countless other products. We are continually finding new uses for these chemicals. Uses which, we feel sure, will help you produce for your customers better products at lower cost.

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**LABOR CENTER**—plentiful supply of skilled and semi-skilled labor, supported by a fine industrial peace record.

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**SUPERLATIVE TRANSPORTATION** by rail, water, air and highways.

**FAVORABLE TAX STRUCTURE** in rate and assessment (no local or state income tax).

**PROXIMITY TO AUXILIARY INDUSTRIES** provides both a market and a source of local supply for all types of products and materials.

**A PROGRESSIVE VOCATIONAL SCHOOL SYSTEM** to cooperate with Paterson's industries.

Write for FREE COPY of  
"Paterson, Strategic City"



PATERSON INDUSTRIAL  
COMMISSION

JOSEPH M. ZIMEI, Executive Secretary  
CITY HALL, PATERSON, N. J.

1792-158 YEARS OF INDUSTRIAL PROGRESS - 1950



BLEAK BUSINESS SECTION marks downtown Superior. You'll find the supermarkets, the swank clubs, and the smart shops all located in Duluth.

onto these docks, dump their cargoes into pockets built into the piers. Ore boats, ranging in length up to 640 ft., tie up at these docks. Hinged spouts swing down over open hatches in the boats, and the ore pours from the pockets into the boats' holds. The docks can handle four or five boats at a time. Record time for loading a boat: 30 min. for a 12,689-ton load. Average loading time for a 12,000-ton boat is about four hours.

• **Two Worlds**—While the two cities of Duluth and Superior are one economic entity, they are poles apart in most other respects. Superior spreads out over flat tableland, most of it only a few feet above lake level. It covers 42 sq. mi. of territory, nearly as much land as Milwaukee, which has approximately 15 times Superior's 35,000 population.

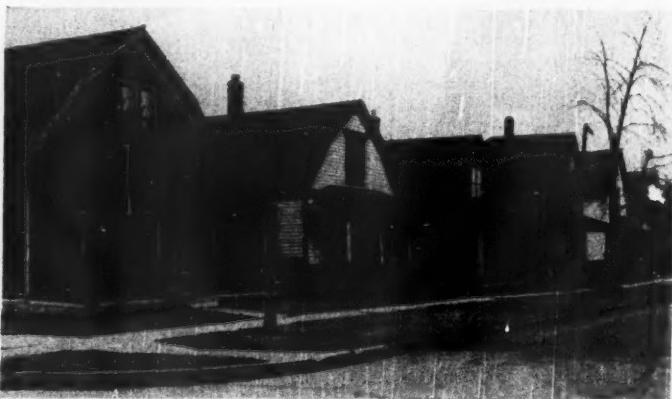
Someone once said of Duluth that it "is the only city in the world with three dimensions: 26 mi. long, a half mile wide, and a half mile high." Duluth

claws its way along the high bluffs of Lake Superior's West Shore. In its confines live 104,000 people.

Duluth has most of the wealth, the fine homes, the exclusive clubs, the shopping centers, the wholesale trade. Superior has the undeveloped industrial sites—most of them owned by the city and county because of tax delinquencies.

Trade territory of the Twin Ports embraces perhaps 500,000 population. It is spread over the northern sections of three states: Minnesota, Wisconsin, and upper Michigan. Except for a multiplicity of small towns along Minnesota's iron ranges, the area is sparsely settled. Reserve Mining Co.'s project at Beaver Bay (BW-Jan. 3 '48, p50) will transform a fishing village into a town of about 7,500.

• **Freight Rates**—There is some heavy industry. American Steel & Wire Co.'s steel mill and fabricating plant dominates. But adverse rail freight rates discourage this type of operation. This difficulty may soon be overcome, how-



MODEST HOMES of Superior reflect little of the area's wealth.

IN THIS PART ALONE...



## ALLOY STEEL SAVES \$11,000 YEARLY

It's hard to beat "the right steel in the right place" for cost cutting! The manufacturer of this tractor cylinder head bolt reduced his cost per piece by .083¢ . . . made a cool saving of \$11,000 annually by switching from hot rolled steel bars to Republic Cold Drawn Alloy Steel Bars at the suggestion of a Republic machining specialist.

This is just one instance in thousands where Republic Alloy Steels, as recommended by Republic metallurgists and engineers, are prov-

ing their economy and speeding production.

The new book, "Republic Alloy Steels . . . and How to get the Most out of them" cites some of these cases—makes mighty interesting reading for manufacturers looking for ways to cut costs and improve products.\* It may suggest ways *you* can profit.

Why not send for this book today? There is no charge—just fill in the coupon and mail it.

*Republic*  
**Alloy Steels**

THE TOUGHER THE TASK... THE MORE THEY SAVE

\*Republic Alloy Steels are helping to increase production and cut costs for practically every industry—including automobiles, trucks and buses—aircraft—farm implements—household appliances—machines and hand tools—mining equipment—ordnance—petroleum equipment—railroad equipment—machinery of all types.



TEAR OUT... ATTACH TO LETTERHEAD

Name \_\_\_\_\_

Title \_\_\_\_\_

MAIL TO  
**REPUBLIC STEEL CORPORATION**

Advertising Division  
3100 E. 45th Street • Cleveland 37, Ohio



## CREDIT INSURANCE COMPLETES YOUR PROGRAM OF PROTECTION

THERE'S always danger of disaster striking when it's least expected. Strikes, material shortages, floods, Government controls and other unforeseeable events can quickly put previously sound customers in a position where they cannot pay their obligations.

That's why manufacturers and wholesalers in over 100 lines of business complete their insurance program with American Credit Insurance. *American Credit pays them when their customers can't.*

One of our many types of policies can be tailored to give you coverage best suited to your needs. You can insure all, a selected group or just one account. American Credit coverage also enables you to get cash for past due accounts . . .

improves your credit standing with banks and suppliers—important benefits when many companies are operating at high volume on limited capital.

### SEND FOR BOOK

This book gives you valuable hints on planning sound credit policy . . . plus additional facts about American Credit Insurance. For a copy just phone our office in your city, or write AMERICAN CREDIT INDEMNITY COMPANY OF NEW YORK, Dept. 42, First National Bank Building, Baltimore 2, Md.



*J. W. Stearns*  
PRESIDENT

**AMERICAN CREDIT  
INSURANCE**

**GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE**

OFFICES IN PRINCIPAL CITIES OF  
THE UNITED STATES AND CANADA

ever. Congress has authorized the U.S. Maritime Commission to sell surplus vessels to shipping lines that intend to set up package freight service on the Great Lakes. Such service was discontinued at the outset of World War II, and the boats, ancient as they were, went to sea.

Shipbuilding, strictly a war baby, shows signs of reviving at Duluth-Superior. In two previous wars, shipyards about the harbor made small craft of various types: tankers, cargo boats, tugs, almost anything that could move to salt water through the Welland Canal or the Illinois Waterway.

### V. Off to a Good Start

But businessmen look to indigenous industry to carry the load. Most specifically, this means taconite.

- **Volume**—How big will the taconite industry grow? No one knows. More than one informed person talks about 30-million tons of finished product annually in 10 to 15 years. That compares with 45.5-million tons of Mesabi ore shipped from Duluth-Superior in 1949. It would involve mining 90-million tons of taconite, since it takes three tons of that iron-bearing rock to produce one ton of blast furnace feed stock. Present estimates place the cost of taconite plants at \$15 to \$20 per ton of annual output, or a total of \$450-million to \$600-million in plant and equipment.

Some say that the 30-million ton figure is conservative: Five blocks of taconite property, each capable of supporting a 10-million ton plant, have been assembled by various mining interests. And they argue further that planned steel-industry expansion—even assuming large-scale use of new ore deposits in Venezuela and Labrador—will lean quite heavily on Lake Superior taconite.

- **High Hopes**—The surge of interest carries all down the line:

Mining heads were excited over a report made by E. W. Davis, director of the University of Minnesota's mines experiment station. Davis claimed that taconite concentrate can be produced and delivered at lower lake ports at a profit of 29¢ a gross ton.

Merchants look forward to a lush take from larger payrolls and increased population.

Duluth-Superior businessmen are backing the move, too. And they're backing it the way it shows—with hard dollars. That's shown by their purchase of substantial stock in Superior's new refinery and by another deal involving a long-dormant shipbuilding firm. In this case the buyers figure shipyard facilities capable of forming steel plates for boats can be turned just as profitably to making equipment needed by taconite plants.



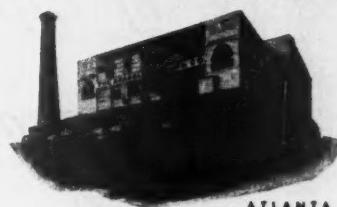
BROOKLYN



CICERO, ILL.



SAN FRANCISCO



ATLANTA



LOS ANGELES



ST. LOUIS

## Now there are 6 ARABOL Plants

*.... serving the leaders  
in a hundred industries  
for a thousand end uses*

• Somewhere in your business adhesives are required—in the making of your product or in its labeling, packaging and shipping.

Somewhere near your business there is an Arabol plant or warehouse ready to serve you.

65 years of pioneering experience are yours to command—65 years of steady growth. 10,000 adhesives formulas have been developed in Arabol laboratories.

The cost of having your adhesives "made-to-order"—for each of your requirements—is so low you can't possibly afford any but the best.

We invite the opportunity to submit samples for you to test in your own plant—under your particular working conditions—for your specific requirements. Experience shows that is the one kind of testing that assures you of satisfactory results.

Your inquiry to Dept. 26 will bring a prompt response.

### THE ARABOL MANUFACTURING CO.

Executive Offices: 110 East 42nd St., New York 17, N.Y.

CHICAGO • LOS ANGELES • BOSTON • ST. LOUIS • SAN FRANCISCO  
ATLANTA • PORTLAND, ORE. • PHILADELPHIA • LONDON, ENGLAND

*Adhesives?... ARABOL!*  
65 YEARS OF PIONEERING



BACKGROUND

*151 Years of War and Peace  
of Booms and Busts  
of Inflation and Deflation  
and Political Change  
But a Splendid Period  
of Progress and Achievement*

For the world's most eventful century-and-a-half in which each ebb of the economic tide has set the stage for another forward movement, this Bank has kept pace with the growth and progress of our country.

Today, as at the Bank's founding one hundred and fifty-one years ago, the future lies in the hands of those who can read the lessons of the past and face tomorrow with mature judgment and courage.

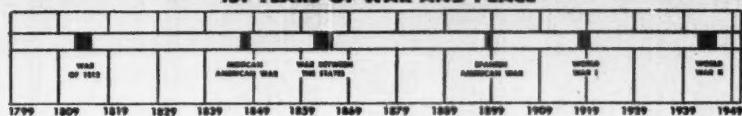


**Bank of the Manhattan Company**  
NEW YORK

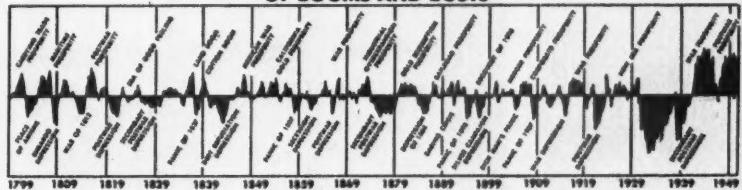
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# FOR TOMORROW

## 151 YEARS OF WAR AND PEACE



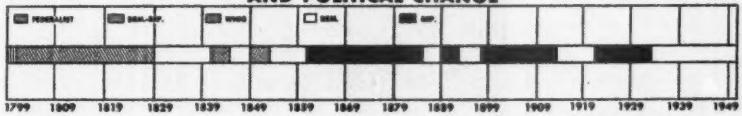
## OF BOOMS AND BUSTS



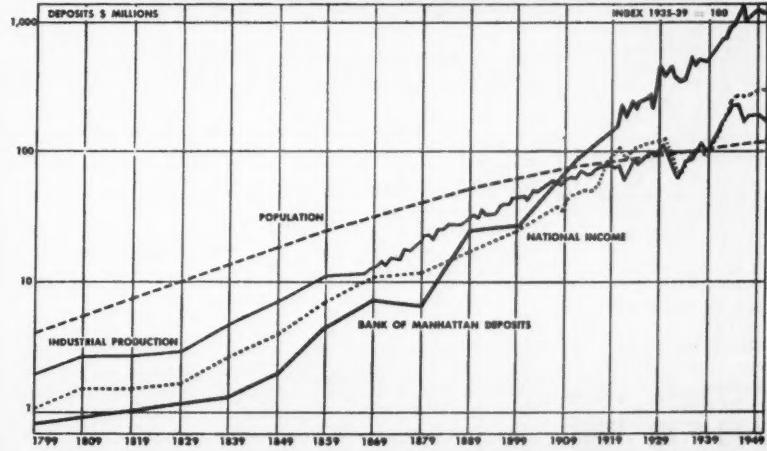
## OF INFLATION AND DEFLATION



## AND POLITICAL CHANGE



## BUT A SPLENDID PERIOD OF PROGRESS AND ACHIEVEMENT



SOURCE: U. S. DEPARTMENT OF COMMERCE AND LABOR, WARREN AND PEASON, CLEVELAND TRUST CO., FEDERAL RESERVE BOARD AND WORLD ALMANAC.

QUALITY AND SPEED  
*do make it pay*

## MAKING YOUR TUBING *"the Yoder Way"*

● The fine finish, cleanliness, light weight, strength and low cost of tubing made the Yoder way spell SALEABILITY, in big letters. That's why more and more manufacturers are constantly finding new uses for tubing in their product designs. In a little over ten years, the products of Yoder tube mills have found their way to every country on the Globe, and Yoder tube mills, at home and abroad, turn out billions of feet every year, in sizes from  $\frac{1}{4}$ " up to 20" diameter.

Low first cost, compactness, simplicity of operation and high production, are features of Yoder electric-weld tube mills which make the investment highly attractive. Because of multiplying uses, the market for tubing has been and still is expanding more rapidly than the supply. A surprisingly large number of operators, since installing their first Yoder mill, have added others. 34 owners now operate a total of 90 Yoder mills.

Whether you contemplate making pipe or tubing for resale or for your own use, send for 68-page Book of information on the mechanics as well as the economics of making it "the Yoder Way". Consultations and Estimates without obligation on your part . . .

**THE YODER COMPANY**  
5530 Walworth Avenue • Cleveland 2, Ohio



# MANAGEMENT



OIL PRODUCTS need a lot of selling. But Union Oil Co. concentrates on . . .

## Ads That Sell the Company

Institutional campaign telling how company—and free enterprise—work gets 20% of advertising budget. And President R. H. Taylor thinks his idea is paying off nicely.

If Lucky Strike suddenly cuts its "Be happy, go Lucky" campaign by 20%, the effect on its sales would show up fast.

But what if it took that 20% and put it into ads telling Joe Doakes and his wife about company investments, where the sales dollar goes, or how much money the company makes? What would happen?

A lot of people would say: "Camels are coming."

• **Dissenting Voice**—You'll get an argument on that from Reese H. Taylor, president of the Union Oil Co. of California.

Like cigarettes and soap, oil is a huckster's product. To the customer, brands look a lot alike; it takes special advertising angles to build up sales. But Union has just voted to spend 20% of its 1951 advertising budget on "selling the company and the free enterprise system." That's money taken away from direct boosting of Union's products.

Back of that decision are six years of experience with institutional advertising. Taylor sold his management the idea after he got back from a wartime stint in Washington as head of War Production Board's iron and steel divi-

sion. He found a lot of otherwise educated people who had no idea what made American business tick. He decided to do something about it.

• **\$2-Million**—Since 1943, Union Oil has spent \$2-million selling itself and the oil industry to customers in the West. National ads—a series of 70 odd—have made the campaign known across the country.

Has it paid off? Taylor says it's hard to add up in dollars and cents, but he thinks so. Here's why:

• A recent poll of Union Oil dealers came up with a virtually unanimous vote that the institutional campaign should be the last to go if the advertising budget had to be cut.

• Readership has been way above average. A survey shows that as high as 22% read the complete ad—including Union Oil's name.

• Hundreds of thousands of letters have been received about the ads—only 6% unfavorable. And colleges and high schools, among others, have been requesting reprints—available in a bound volume now in its seventh edition.

It has even convinced the oil industry. The American Petroleum Institute at its recent Los Angeles convention decided, under prodding by Taylor, to boost its budget for a substantial chunk of institutional space-buying.

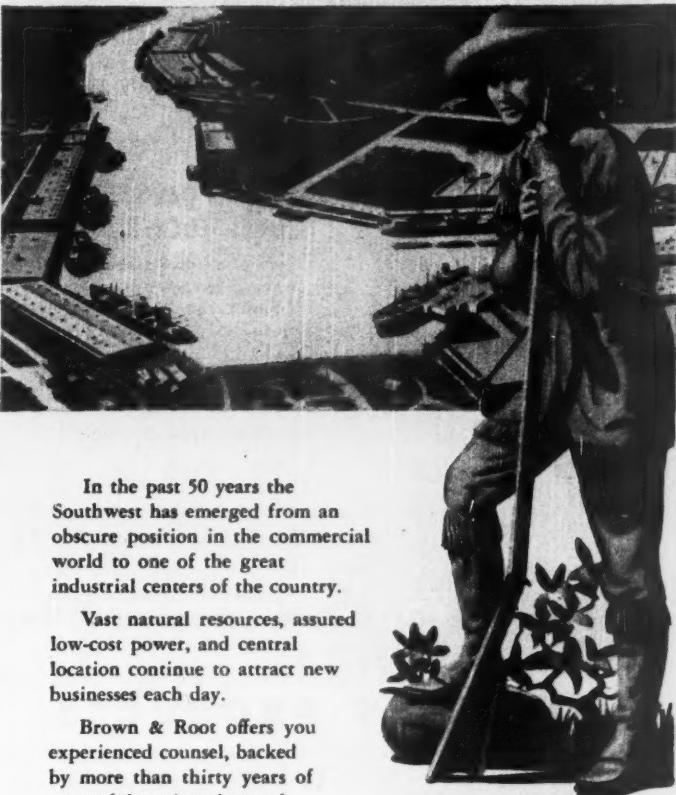
• **Early Opposition**—The campaign wasn't always so well-received. When Taylor got the idea, Union's marketing and advertising staffs opposed it strongly. They thought advertising should sell products and stop there. Taylor won them over with the help of his advertising manager, Margaret Corrie, who became Mrs. Taylor in 1944.

Union's campaign hits several different themes, with catchlines like "Stockholders get 5¢ from each Union Oil sales dollar; tax collector gets 18¢"; "Gasoline costs you 4¢ as much today as it did in 1914"; "It takes five stockholders to make one Union Oil job"; "How the profit system forces improvement"; "Each Union Oil employee has a \$38,000 kit of tools."

• **Silent Wells**—Taylor worked out this formula: Root your policies in the public interest, and then tell about them. If people like you, selling is easier. For example, at considerable expense, the company soundproofs its drilling rigs in neighborhoods where noise would be objectionable. It's done by wrapping heavy fire-proofed canvas padded with glass wool around the derricks. Cost: \$1,500 for the "fitting," and \$1,200-a-month rent.

Another thing Union does is keep its press relations up to the minute. A legman makes the rounds of all newspapers in Union's territory. He's Earl M. Welty, an ex-editor who has co-authored with Frank J. Taylor a book

## "Amazing," cried Crockett, "such development I've never seen!"



In the past 50 years the Southwest has emerged from an obscure position in the commercial world to one of the great industrial centers of the country.

Vast natural resources, assured low-cost power, and central location continue to attract new businesses each day.

Brown & Root offers you experienced counsel, backed by more than thirty years of successful engineering and construction in this great Southwest. Its complete knowledge of soil, terrain, people, and climatic conditions will result in faster, more economical completion of your contemplated project. A request from you will put Brown & Root consultants at your service.



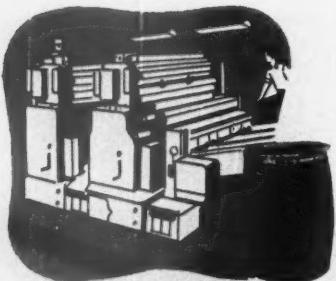
BROWN-BILT

P. O. BOX 3, HOUSTON 1, TEXAS

CABLE ADDRESS — BROWNBILT

Associate Companies —

- BROWN ENGINEERING CORP.
- BROWN & ROOT MARINE OPERATORS INC.



## IDEAS GET ON PAPER

—with the help of printing inks. Hackney Removable Head Barrels are used to transport the comparatively heavy ink as a substantial package is required for transportation. Possibility of leakage is eliminated and the barrel can be easily and positively clean.



## DEEP IN DAVY JONES' LOCKER

—deep sea divers secure life-preserving oxygen which is stored safely in cylinders made by Pressed Steel Tank Company.



## SODAS FOR SONNY AND SISTER SUE

—soda fountain makers depend on Hackney Deep Drawn Shells in manufacturing better units at lower cost. Shown is a Hackney Shell used in carbonators. Pressed Steel Tank Company also furnishes cylinders for carbonic gas.

## HACKNEY PRODUCTS

**provide better,  
more efficient  
service**

**—in vastly diversified  
markets**

Showed above are examples of how well Hackney Products do their job in many diversified industries. No wonder these makers of vastly different products all depend on Hackney Deep Drawing! It gives them so many advantages—and so much more of each: light weight, greater strength, longer life, improved appearance—and many more!

If you need cylinders, drums, barrels, kegs or special shapes and shells, remember Pressed Steel Tank Company and the advantages of Hackney Deep Drawing. It will pay you in lower costs, reduced damage and improved customer good-will. Here, at Pressed Steel Tank Company you will find specialists in deep drawing with almost 50 years' experience—men who know metals—men who are totally familiar with the nature of gases, liquids and solids.

*Write for full details.*



### PRESSED STEEL TANK COMPANY

Manufacturers of Hackney Products

Main office and plant: 1493 S. 66th St., Milwaukee 14, Wis.

1397 Vanderbilt Concourse Building, New York 17, N. Y. • 207 Hanna Building, Cleveland 15, Ohio  
936 W. Peachtree St., N. W., Room 115, Atlanta 3, Georgia • 208 South La Salle Street, Room 789, Chicago 4, Illinois  
555 Roosevelt Building, Los Angeles 14, Calif.

**CONTAINERS FOR GASES, LIQUIDS AND SOLIDS**

about the company, "Black Bonanza," recently published by McGraw-Hill Book Co.

## I. Steel Man to Oil

Husky, towering Reese Taylor is a comparative newcomer to oil. He didn't get into the field until 1937, when he was chosen a director of Union Oil. He became president a year later.

Before that he had made a name for himself in West Coast steel circles; at 34 he was president of Consolidated Steel Corp., largest independent fabricator in Southern California. His father had been one of the founders of the old Llewelyn Steel Works, which helped form Consolidated.

No slouch at hard-hitting selling and competition, Taylor won his spurs during the depression by beating out Eastern steel firms on big chunks of the metropolitan viaduct for Los Angeles and power towers for Hoover Dam.

• **Nonconformist**—Soon after he became an oil man, the Pacific Coast realized that it had a nonconformist on its hands. One thing he did stand out. He introduced Royal Triton—"no need to change more than twice a year"—after the oil industry had spent millions trying to convince motorists they ought to change oil every 1,000 miles (BW-Apr. 13 '46, p18).

But by 1948, Taylor was well enough entrenched to act as industry spokesman during an oil strike. He accepted with one proviso: The rest of the industry keep its mouth shut.

## II. The Road Back

When Taylor took charge of Union Oil in 1938, the company was creaking at the joints. Its refineries were twice as old and only half as efficient as those of major competitors. The tanker fleet was down to 11 slow, overworked tubs.

Crude resources was the one department in which the company had kept pace. But half the 1,200 productive wells were shut down.

What had happened was this: Union had recovered pretty well from the depression, but it was in bad shape equipmentwise. It had been paying a dividend every year since 1929 by drawing on surplus and slashing capital expenditures—actually paying out about 70% more than it earned. L. P. St. Clair, Union's president before Taylor, figured that cutting expenses and paying dividends would pull the company out of the hole.

• **Battle**—Not all the management agreed. After a red-hot fight, involving three factions, Taylor was proposed by "outside" directors as a compromise candidate, was backed by stockholders who wanted the company to spend money to keep it in the fast-develop-



## How a Speed Reducer helped save your morning cup of coffee

So great was the menace of the destructive coffee borer last year, the Brazilian government appointed a committee to investigate ways to stop it. The committee, after tests, bought 500 Howry-Berg Orchard Dusters to do the job. These dusters saved the crop—and your morning cup of coffee. The Howry-Berg story made front page headlines in Brazil.

*Without a speed reducer,* the positive feed of the Howry-Berg line of orchard, vineyard and crop dusters would be impossible—for the blast fan must move at high speed to blow the dust high and far, but the agitator feed moves at a very low rate.

Without Eberhardt-Denver service, Howry-Berg might never have shipped the order, for the speed reducers had to be made in a few days' time. Howry-Berg has long used Eberhardt-Denver's Production Delivery Plan, which makes it easier to incorporate a speed reducer in their product—for Howry-Berg gets delivery of their needs as though they owned their own gear plant.

There may be a place in your product (to improve its benefits) or production equipment (for conveyors or in machinery) for a speed reducer, so that work normally done by hand or not done at all—can be done by power. Our engineers will be glad to help you with your problems.

This  
Eberhardt-Denver  
speed reducer  
weights 5 lbs.  
Output torque  
up to 1500 lbs.  
No stock sizes  
made for you.



**WRITE, WIRE OR PHONE TODAY**

EBERHARDT-DENVER CO.  
1408 West Colfax Avenue  
Denver, Colo.

- Please send full information on how we can use the Eberhardt-Denver Production Delivery Plan.
- Please give us some indication of how a speed reducer might be incorporated in the products or machinery described in attached letter.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

# Eberhardt-Denver

1408 West Colfax Avenue

Denver, Colo.

# Tall Tale

## DOW CORNING SILICONE NEWS NEW FRONTIER EDITION SECOND OF A SERIES

Speaking of smoke, you should have seen Paul Bunyan's hot-cake griddle in action at daybreak along the Little Gimlet. Griddle was so big you couldn't see across it on a misty morning. Took two cement mixers to stir the batter and half a dozen men skating around on slabs of bacon-fat to keep the pancakes from sticking.

### to Fabulous Fact

In the smoky days before silicones, thousands of bakers worked all day at greasing machines to keep our daily quota of 30 million loaves of bread from sticking to the pans. Kept a few thousand more men busy scrubbing grease stained floors and uniforms; cleaning the smoke stained walls and ceilings; scraping carbonized grease from the pans. Now progressive bakeries use DC Pan Glaze, a Dow Corning Silicone coating that keeps bread from sticking for at least 100 bakes per application. It never gives off smoke or leaves a charred residue; never wipes off on uniforms; never turns rancid. It sets new standards for quality and cleanliness. Here, as in most industries **Dow Corning Silicones Mean Business**.

Note: DC Pan Glaze is not adapted to home use. For more information on Dow Corning Silicone Products call our nearest branch office or write for catalog E-24.

#### DOW CORNING CORPORATION MIDLAND, MICHIGAN

Atlanta • Chicago • Cleveland • Dallas  
Los Angeles • New York • Washington, D.C.  
In Canada: Fiberglas Canada Ltd., Toronto  
In England: Midland Silicones Ltd., London  
In France: St. Gobain, Châunay et Ciréy, Paris



**Dow Corning**  
FIRST IN SILICONES

IF YOU WEAR GLASSES try Sight Savers and see how well silicones clean, polish and protect eyeglasses. SIGHT SAVERS are the new, popular Dow Corning Silicone treated tissues that KEEP YOUR GLASSES CLEANER.

10c at all drug and tobacco counters.



ing race for oil. St. Clair resigned after an auto accident in 1938.

Taylor's job was cut out for him: to keep up with a fast-stepping industry. Standard Oil of California, for instance, hiked its sales from \$180-million in 1938 to \$735-million 10 years later. With that kind of competition, slow-thinking management could run a firm into the ground.

So Taylor launched a \$73-million program to equip Union Oil with the best refineries and laboratories in the industry. He earmarked \$15-million for seven modern high-speed tankers, \$7-million more for pipelines and tank trucks.

On top of this, the rejuvenated management put \$22-million to work building better service stations, bulk product depots, and marketing facilities.

• Heavy Spending—Altogether, Union spent \$230-million in 10 years hunting and producing oil in 16 states, Alaska and Canada. That \$230-million was more than Union's total capitalization when Taylor took the reins.

Even oil men who still think of Taylor as an interloper give him full credit for dragging Union out of a management slump. The results prove they're right: Since 1938, Union sales leaped from \$78-million to \$209-million. The rate is better than Socony-Vacuum, Tidewater, or Richfield.

• Profits Climb—Profits have climbed, too. They are running around \$31-million against \$6.8-million in 1938. Profit margins (around 31%) are a match for any integrated company.

Taylor is 10 years younger than his company, which was 60 years old Oct. 17. In that time, it has grown 350-fold. Today it sells to a million customers in 11 states and two territories.

The company ranks second in the industry on the West Coast; only Standard Oil of California is larger than Union.

To make sure the company stays on top of the scramble for oil and markets (it has withstood half a dozen efforts by larger companies to swallow it), Union broke ground early this year on a \$5-million, 224-acre research center at Brea, Calif. Taylor thinks the industry hasn't come close to slaughterhouse efficiency in getting everything that's there out of a barrel of oil.

Union has a top-priority project in shale oil. It has vast holdings in the Rockies. Union's technologists think they've found most of the technical answers to the problem of shale oil recovery. But they haven't learned yet how to produce it at a cost competitive with natural crude.

Just when it will be commercially competitive is anybody's guess, but Union's people believe they will know how to recover it in quantities so vast the nation will never run out of oil.



*Gleaming gifts for a Christmas bright  
with precision plating by Udylite*

The joy of Christmas with bright eyes and happy hearts—the gleam and sparkle of lovely gifts beneath a gaily decorated tree combine to quicken the pulse of the family circle—from tiny tot to patriarch.

The pride of ownership of countless gifts with great natural beauty and utility is enhanced by bright metal finishes—imparted

by Udylite precision plating. This rare quality—expressed in endurance, brightness and lasting eye-appeal is symbolic of intrinsic value—a virtue deeply appreciated by owners year after year.

Udylite extends to its customers and friends heartiest Yuletide Greetings and best wishes for a New Year filled with bright promise.

PIONEER OF A BETTER WAY IN PLATING . . .

TESTED SOLUTIONS • TAILORED EQUIPMENT  
AUTOMATIC CONTROL IN METAL FINISHING

THE  
**Udylite**

CORPORATION  
DETROIT 11, MICHIGAN



Photograph by Berrien Murray

## Color brings out the Christmas Spirit

EVERY YEAR the Christmas Seal, enlisted in the fight against tuberculosis, becomes a symbol of the good will and selfless love that are the essence of the Christmas spirit.

The original painting for this year's Seal, shown here with the artist, André Dugo, makes effective use of color, as have all previous Seals. For color is basic in appealing to the heart—and to the mind. It is a language in itself by which we speak to each other in countless ways. Especially at Christmas do we express our thoughts in color—in gay cards and wrappings and decorations, in all kinds of gifts that make for happiness.

Developing and producing new and appealing dyes and pigments to meet the demands of people everywhere is one of the important tasks of the Calco Chemical Division of American Cyanamid Company. It is another of the ways in which Cyanamid chemistry is helping to make the world a better place in which to live.

*Supplying color . . . dyes and pigments . . . to industry is another of Cyanamid's many services.*



**AMERICAN CYANAMID COMPANY**

30 ROCKEFELLER PLAZA, NEW YORK 20, N.Y.

# PRODUCTION

How Synthetic Rubber Is Supplied	
GR-S RUBBER	Copolymerization of butadiene and styrene. Can be made in as many as 65 plants.
BUTYL RUBBER	Polymerization of isobutylene and isoprene at 400°.
NITRILE RUBBER	Polymerization of acrylonitrile in butadiene.
NEOPRENE RUBBER	Proceeded from acetylene and hydrogen chloride.
	A stronger urge to expand synthetic rubber facilities, usually mixed with natural rubber depending on application.
	Tire tubes, principally, plus certain special industrial uses where ability to retain air is vital.
	Mechanical goods needing resistance to solvents, oil, and cold.
	Wire and cable industry; chemical goods where oil resistance is needed; mechanical goods for toughness.

## Synthetic Problem: Materials

Rubber expansion program braked by shortage of chemicals vital to many other industries. Plant capacity adequate. Record production of natural adds little to U.S. stockpile.

Mention wartime materials shortages: Everyone thinks of metals. But metals are only part of the emergency economy picture. Rubber is just as critical. In some respects, rubber is a bigger potential nuisance.

- **High Demand**—That's because synthetic-rubber production involves chemicals that are already in high demand for hundreds of other industries (BW-Nov. 18 '50, p26). Any emphasis on extra rubber production immediately throws other sections of our economy out of joint.

Unlike the World War II situation, synthetic-rubber production is limited this time not by plant capacity but by the supply of raw materials. This was pointed out last week in a comprehen-

sive report on synthetic rubber in Chemical Industries, a McGraw-Hill publication.

Present demand for rubber of all kinds is running as high as 1.2-million tons a year (chart, page 48). About a quarter of that has to be natural rubber; that's because heavy-duty truck tires require a high percentage of natural. Hence stockpiling of natural rubber is vital. In war, the supply might be cut off entirely.

- **Record Output**—World production of natural rubber has been at an all-time high. But that fact hasn't meant an increased supply in the U.S.; it hasn't resulted in a drop in prices either. The reasons: (1) Shipments haven't kept up with production; some rubber

is being kept off the market; and (2) Soviet purchasers have been competing for the stuff. Prices have shot from a low of 13¢ last year to highs of over 80¢. As the natural price rose, users started shifting to synthetic. This aggravated the problem of stockpiling synthetic.

Partly because of this, partly because of expected emergency demands, synthetic plants have been going into production in a big way. Full capacity should be reached soon. That in turn brings plenty of industrial dislocation and laments. The plastics industry is the most recent of these (BW-Nov. 4 '50, p68).

- **\$780-Million**—During World War II, about \$780-million of government money was spent to build up synthetic-rubber facilities. In the peak year, production was 800,000 tons. Of this, GR-S represented 710,000 tons, butyl 60,000 tons, Neoprene and the special nitriles (GR-N) about 40,000 tons.

The GR-S industry, practically all government-owned, consists chiefly of 13 copolymer plants, eight of which now make "cold-process" rubber (chart, page 50).

Raw material supply is certain to be the governing factor in expansion up to or beyond present capacity. Here's the picture.

### I. Butadiene

Butadiene is the key to the major part of the synthetic-rubber program. During the war, it was made by breaking down ethyl alcohol, butane, butylene, or petroleum naptha. With the exception of some butylene and butane, most of these facilities have been held in standby. They are now being opened, when possible.

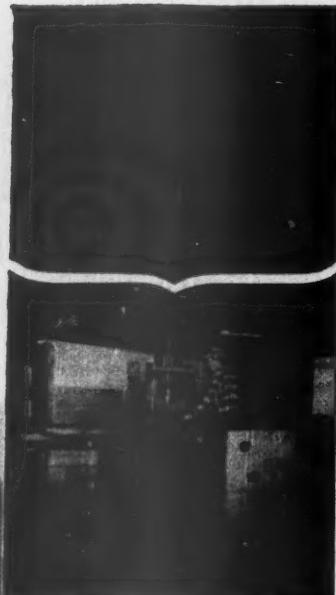
In peacetime, alcohol butadiene is not popular because of the high cost of the basic material. But for war purposes, when cost means little, the alcohol process is perhaps the handiest way of producing butadiene. Government alcohol plants are now being re-opened.

Meanwhile, present high costs of butadiene in petroleum plants will be reduced by continuous operation.

### II. Styrene

Styrene as a general plastic material got little attention before 1941. However, wartime development of large-volume production of styrene pushed costs down to a point where it is now the base for the most popular plastic: polystyrene.

Ethylene and benzene are primary raw materials for producing styrene. The primary sources of ethylene are ethyl alcohol and propane. The yields are satisfactory from alcohol, but the initial cost of the alcohol is too high

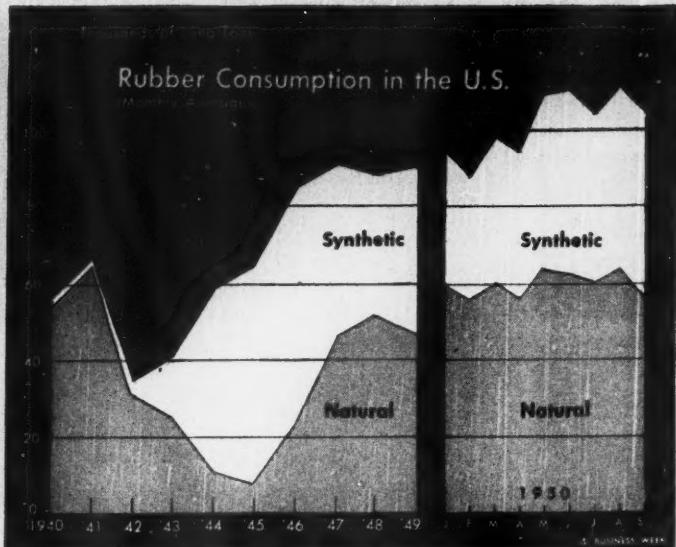


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to compete with propane-produced ethylene, even with a process that is only 40% or 50% efficient. Despite this factor, two producing plants are still processing alcohol.

The benzene supply problem was solved in wartime by huge imports from England. Since the war, we have been faced with a declining supply of benzene from coal-based industries (BW-Aug. 26 '50, p31). This shortage, plus increasing use of benzene, became acute in the first two quarters of 1950. Some authorities have estimated a 10-million gal. deficit for the year. Synthetic benzene from petroleum may be one way out of the dilemma (BW-Nov. 28 '50, p52).

### III. Isobutylene

Isobutylene is the major constituent of butyl rubbers. It is a byproduct of catalytic cracking. The supply varies seasonally with the gasoline market, in which it is a major component of high-octane aviation fuel. Increased use of jet engines may, however, change the market drastically, with a shift to aviation fuels that do not require isobutylene. However, the production of jet fuels may also change the refinery balance, so that special measures may still have to be taken to produce the necessary amounts of isobutylene for butyl rubber.

### IV. Isoprene

Isoprene made its appearance as a large-scale industrial chemical as a result of butyl manufacture. It can be prepared from dipentene (high-priced) or from petroleum naphtha (low-priced).

The petroleum process now is the only commercial method.

Isoprene is present in small quantities in nearly all heat-cracked naphthas, but its concentration and separation are uneconomic except under very special conditions.

### V. Ethylene

Ethylene has two major uses in the synthetic-rubber industry. One is as a refrigerant for the butyl rubber process (-150°F) and the other as an alkylation agent for benzene in styrene production. Ethylene for refrigeration presents no particular problem because the butyl plants are adjacent to refineries that have sufficient streams containing readily extractable ethylene.

### VI. Soaps

Soaps are important factors: The government synthetic-rubber program was probably the largest single buyer in history of fatty acid soap.

A large rosin manufacturer, attempting to produce a substitute for the then scarce natural fatty acid soaps has developed a superior rosin acid soap. The rosin acid is made from "K" wood rosin.

Similar high-grade soaps have been developed using potassium hydroxide in place of caustic soda.

### VII. Modifiers

A large number of modifiers are employed in the polymerization of GR-S. Chain modifiers are necessary because with them polymerization can be controlled.

Dodecyl mercaptan is the principal



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## Synthetic Rubber: Who Can Make What Types

Operator	Location	Capacity (long tons per year)	Demonstrated Rated
<b>COPOLYMER (GR-S) RUBBER</b>			
Copolymer Corp. ....	Baton Rouge, La.	30,000	37,500
Firestone Tire & Rubber Co. ....	Lake Charles, La.	40,000	75,000
Firestone Tire & Rubber Co. ....	Akron, Ohio	30,000	30,000
General Tire & Rubber Co. ....	Baytown, Texas	30,000	37,500
B. F. Goodrich Chemical Co. ....	Port Neches, Texas	60,000	75,000
B. F. Goodrich Chemical Co. ....	Institute, W. Va.	90,000	112,500
Goodyear Syn. Rubber Corp. ....	Houston, Texas	60,000	75,000
Kentucky Syn. Rubber Corp. ....	Louisville, Ky.	30,000	37,500
Minnesota Mining & Mfg. Co. ....	Los Angeles, Calif.	75,000	83,750
Phillips Chemical Co. ....	Borger, Texas	45,000	56,250
U. S. Rubber Co. ....	Naugatuck, Conn.	30,000	30,000
U. S. Rubber Co. ....	Port Neches, Texas	60,000	75,000
Total. ....		630,000	735,000
<b>BUTYL RUBBER</b>			
Esso Standard Oil Co. ....	Baton Rouge, La.	38,000	42,000
Humble Oil & Refining Co. ....	Baytown, Texas	30,000	38,000
Total. ....		68,000	80,000
<b>NEOPRENE RUBBER</b>			
E. I. duPont de Nemours & Co., Louisville, Ky. ....		60,000	60,000
<b>NITRILE RUBBER</b>			

Nitrile-type rubbers are produced solely by private manufacturing companies. At the present time, Firestone Tire & Rubber Co. at Akron, Ohio, B. F. Goodrich Chemical Co. at Louisville, Ky., and Goodyear Tire & Rubber Co. at Akron, are the largest producers. Capacity figures are not available.

modifier for standard-purpose rubber. The major constituent of dodecyl mercaptan is lauryl alcohol, which is derived from coconut oil. So the problem of supply during a war could be critical.

A series of unlimited-supply petroleum mercaptans has been used in the past two or three years with cold rubber, a specific for this type of polymerization. Attempts have been made to develop other satisfactory modifiers, but the low cost of the petroleum mercaptans has prevented any extensive use.

• Shortages—Just as difficult as the problem of raw materials is that of the supply of rubber-processing chemicals and such components as pigments. There is a serious question as to the availability of antioxidants, essential to increased synthetic-rubber use. The enforced use of large quantities of synthetic rubber will require larger amounts of many different rubber-compounding accelerators and other organic chemicals of which the supply is inadequate.

## IX. New Developments

Improvements are constantly being adopted in the production of synthetic rubber. Among these have been:

• Continuous instead of batch operation, a shift made early in the war program. This increased production about 36%.

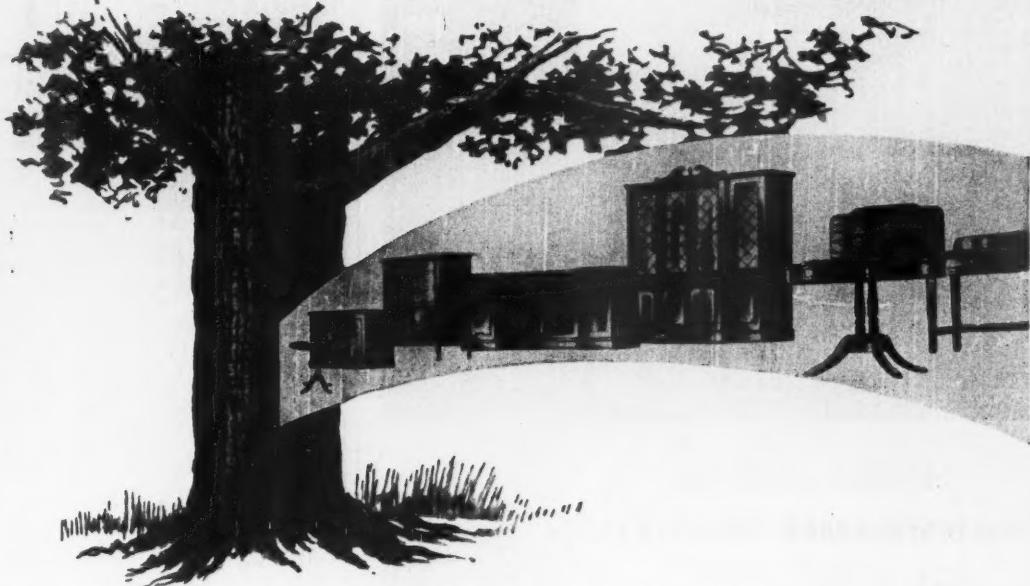
• Cold rubber. This process was introduced early in 1948. Cold rubber is widely used in automobile tire treads. At present, cold rubber must still be mixed with special types of furnace carbon blacks to bring out the best road-wear characteristics. Production of these special blacks is limited and may delay

## VIII. Catalysts

A reaction catalyst is also necessary. Potassium persulfate, produced by electrolysis of potassium sulfate, was the first applied. The electrochemical industry produced an exceedingly pure product at low cost that has been a standard material for a number of years. Fairly large quantities are still used in high-temperature polymerization.

The first cold-rubber catalyst was cumene hydroperoxide used in conjunction with sugar and ferrous sulfate. Lately, a series of new hydroperoxide catalysts has appeared.

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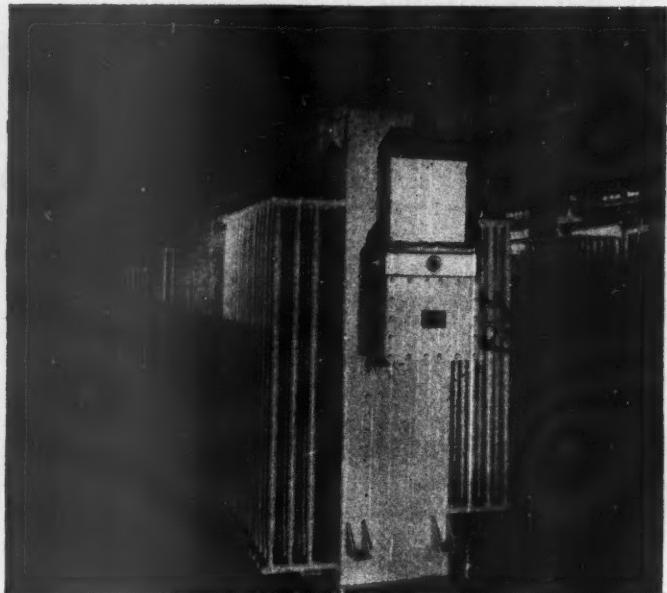
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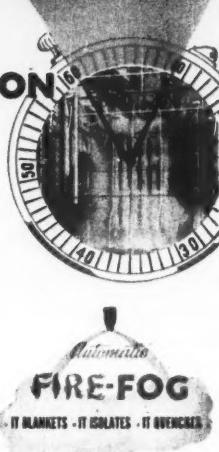
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wider usage of cold rubber. Continuous polymerization techniques are being applied to cold-rubber production with good results. Most plants will probably adopt this method.

Meanwhile, rubber chemists are attacking the synthetic problem on a variety of fronts, with continual progress being reported.

### PRODUCTION BRIEFS

**Ribbon spools** may soon be in short supply. Keelox Mfg. Co., Richmond, Va., maker of typewriter and adding-machine ribbons, foresees a cut in spool metal, plus a shift in spool-making machines to war production. The Federal Reserve Bank of Richmond, a big user, is already stockpiling empties.

Two "all-weather" jet engines, more powerful than present ones, will be produced at GE's Lockland (Ohio) plant. Special ignition systems make it easy to cut in engines at 50,000 ft. One of the engines will power the North American F86D—a souped-up model of the F-86 which holds the world's speed record.

Extracting oil from oil shale economically may be possible, the Bureau of Mines says after a 10-day test at Rifle, Colo. In the bureau's continuous process, raw shale is gravity-fed down a retort against an upward current of hot gas.

Aluminum and its alloys can be brightened with a process called Kaiser Aluminum Bright Dip. One gallon of solution processes 90 sq. ft. Kaiser Aluminum & Chemical Sales, Inc., Palmolive Bldg., Chicago, will license the process to aluminum fabricators.

Faulty products cost industry \$3-billion a year, says American Society of Mechanical Engineers. That's more than the retail value of all electrical appliances made in a year, including radios and TV sets.

Chemstrand Corp. may become the first producer of nylon yarn, outside of du Pont. Du Pont is working out a deal to license Chemstrand for the manufacture and sale of nylon.

A \$30-million contract from Republic for building coke-oven and open-hearth facilities at Cleveland has been handed Koppers. They'll be ready by 1952.

International Nickel has added to its corrosion-testing station at Kure Beach, N. C. (BW-Jun.25'49,p60). A new laboratory and more outdoor exposure racks will handle over 20,000 specimens.

## NEW PRODUCTS



### Electric-Drive Tractor

R. G. LeTourneau, Inc.'s tractor, called Tournatow, has diesel-electric power. It has no clutch, transmission, or differential.

A diesel engine drives a.c. and d.c. current generators that provide all power for Tournatow. Tucked next to each of its four wheels is an electric motor that's wired to the diesel-driven generators, and a gear arrangement. To regulate the flow of electric current from the generators to the wheels, LeTourneau uses a potentiometer like the speed controller on street cars.

LeTourneau says Tournatow starts smoothly, can stop fast. It can move obliquely. Steering is done with push-buttons; forward and reverse movements, with a rotating controller. In tests for the Air Force, Tournatow reportedly hauled a 200-ton airplane 16 times its own weight.

• Source: R. G. LeTourneau, Inc., Peoria, Ill.

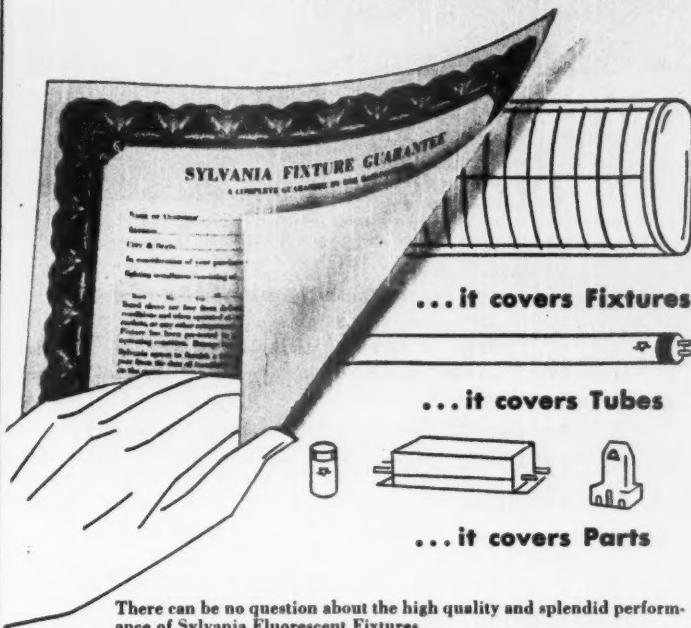
### Easier Window Raising

Opening and closing windows is hard work. That's because spiral springs, often used as counterbalances, give unequal resistance. The more they're compressed or extended, the more they resist. Pullman Mfg. Co. has a window counterbalance, called Pullman Powerful Pigmy, that uses a negative spring. It's small and easy to install.

A negative spring (BW-Jul.2'49,p40) can be designed to give uniform resistance. It's a strip of coiled metal that looks like a roll of tape. Before coiling it, the manufacturer impresses tiny arches in the metal. The negative spring resists only at the particular arch that's being uncoiled. If the arches are equal in length, the spring has uniform resistance, no matter how far it's extended.

Powerful Pigmy is  $\frac{1}{8}$  in. wide, has a diameter of  $1\frac{1}{4}$  in. The uncoiled end fastens to the stationary window frame. The rolled part is inserted in the side of

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the movable sash. When you lift the window, the roll gets larger, but the spring force remains the same at every point.

Pullman says the spring works in any window weighing up to 20 lb. (Windows in an ordinary house weigh from 10 to 15 lb.)

- Source: Pullman Mfg. Co., Rochester, N. Y.
- Price: Set of four counterbalances, \$1-\$1.35.

### **Reverse Magnetic Clutch**

Vickers, Inc., has a reversing Magnetic-clutch transmission.

The Magneclutch (BW-Jun. 3'50, p44) consists of dry iron and graphite particles suspended in oil. When excited electromagnetically, the particles freeze, making a rigid connection between the driving and driven members.

In Vickers' reversing setup, a motor-driven input shaft connects to a gear box. The gears control not one but two driving members set within a larger driven member. One driving member turns forward, the other in reverse. When the electric coil for the forward driving member is excited, the driving member grabs the large driven member, turning it forward. For reversing, the coil for the reverse driving member is excited.

Because of the gearing arrangement, the two driving members can turn at different speeds. Thus, a machine tool can cut at a slow forward speed, but at a faster reverse speed. Vickers says it is also possible to arrange a two-speed transmission by gearing the two driving members to turn in the same direction, but at different speeds.

- Source: Vickers Electric Division, Vickers, Inc., 1815 Locust St., St. Louis 3.

### **Auto Engine Cleaner**

Homestead Valve Mfg. Co.'s Model JO Hyp pressure Jenny is a combination steam cleaner and cooling system flusher. It's used by garages, service stations, car dealers, and truck-fleet operators.

The steam cleaner works at 80 to 120 lb. pressure, delivers 90 gal. of water per hour. HV recommends it for removing grease and dirt.

To flush out the cooling system (radiator, engine block, and water-type heaters), HV uses heat, chemicals, sudden temperature changes, and strong air blasts. The chemicals are forced into the cooling system where they loosen and emulsify dirt and grease. The solution flows into the engine block and out of the upper radiator connection.

During this operation the temperature shifts from hot to cold and cracks and loosens scale. Blasts of air break

the scale into fine particles, force them outside. A clear-water rinse completes the bath.

The unit weighs 500 lb., can be rolled around easily. One man can operate it.  
• Source: Homestead Valve Mfg. Co., Hypressure Jenny Division, Coraopolis, Pa.

• Price: \$635-\$698; \$489.50 for 45 gal.-per-min. model.

## NEW PRODUCTS BRIEFS

TV glasses, called Tele-Bans, are designed by Bausch & Lomb to reduce glare from TV screens, sharpen pictures, and lessen eye fatigue.

Metal boxes, made by Powell Pressed Steel Co., Hubbard, Ohio, stack easily, have hopper doors for getting at stored parts.

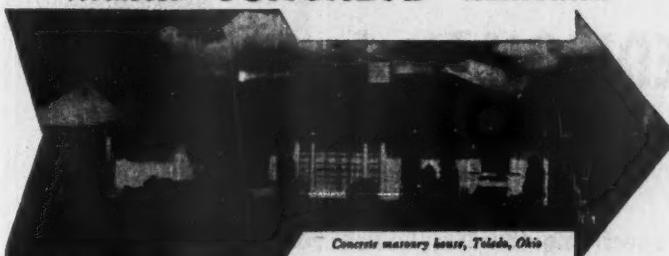
Resin insulators for electrical equipment are made by Teflon Products Division, U.S. Gasket Co., P. O. Box 93, Camden, N. J. Teflon resin works through a -90°F to 500°F temperature range, absorbs no water, and is chemically inert.



### Flood Stopper

You can stop the flood from an overhead sprinkler by inserting this wedge in the sprinkler ring. The idea is to save costly water damage when flames have gone out under one particular sprinkler, but when fires still need watering from the rest of the system. Sprinkler Stopper Co., 170 S. Van Brunt St., Englewood, N. J., makes the stopper. It retails for \$9.75.

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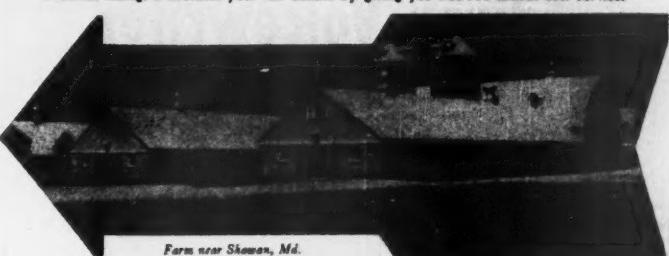
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## TAXES

### Salesmen Stuck

Court says government can recapture excessive commissions if goods involved end up in something bought by U.S.

Manufacturers' commission salesmen have just been doused with ice water. The U. S. Tax Court did the pouring.

The court has held that the government can recapture excessive profits from the salesmen, even when the sales involved were not made to the government. If the goods end up in a product sold to the government, then the salesman becomes a subcontractor.

• **Undisturbed**—Before the ruling, commission salesmen hadn't been greatly worried by the fact that their civilian-goods sales were going to dwindle. They figured that other sales, generated by the defense program, would more than make up the difference.

That's true enough; the salesmen's business is sure to flourish as government buying really gets going. But now, the big salesmen at least risk having part of their fancy profits recaptured.

• **Armstrong Case**—That's exactly what has happened to James B. Armstrong of New York City on commercial sales made during World War II. When Hitler cut loose, Armstrong had been sitting pretty for 13 years in a desk-secretary office at 1 East 42nd St. He was the exclusive territorial sales representative for Endicott Forging & Mfg. Co., of Endicott, N. Y., Hartford Electric Steel Corp., of Hartford, Conn., Cooper Alloy Foundry Co., of Hillside, N. J., and Roxbury Steel Casting Co., of Boston.

His customers included General Electric Co., American Car & Foundry Co., Worthington Pump & Machinery Corp., Chicago Pneumatic Tool Co., Bigelow-Sanford Carpet Co., Wright Aero Corp., and International Paper Co.

Armstrong's net income averaged \$9,491 in 1936-39. Then it took off to \$28,328 in 1940, \$45,687 in 1941, \$54,724 in 1942, and \$62,648 in 1943. It slid back to \$38,876 in 1944.

• **Renegotiation Act**—In 1942 Congress set up the contract renegotiation machinery to recapture profits deemed excessive on war contracts and subcontracts. Armstrong was tagged by the War Contracts Price Adjustment Board, which claimed his net earnings were excessive in the amount of \$25,000 in 1943 and \$7,500 in 1944.

Armstrong argued this way: The Re-

negotiation Act might apply to Washington five-percenters, but was never intended to apply to a person like himself. He had kept hands off government business, never came near Washington during the war. His commissions had been earned entirely on commercial sales. His initiative and hard work in previous years had as much to do with the increase in his earnings as war demand.

• **Taxpayers**—The Tax Court rejected his view when he appealed. It said that Congress did not intend to exclude from the Renegotiation Act the expense of commercial selling of materials with war end use. Such expense must ultimately be borne by the taxpayers.

"As Congress understood the term 'subcontract,' it extended to orders for materials which were to be a component part of, or incorporated into, an article which was made under government contracts," the court observed.

• **Dollar Amount Counts**—The court also took a whack at the size of the commissions. Armstrong showed that his commissions averaged about 5% in 1943 and 1944, the same as in prewar years. The court held that the dollar amount, not the rate, is the controlling factor under a law designed to recapture excessive profits. Incidentally, that leaves both salesmen and government renegotiation officers without any yardstick to go by.

For Armstrong, there was a crumb of satisfaction. The court cut the recapture amount from \$32,500 to \$29,250. It held that some portion of the increase in Armstrong's earnings was due to his own efforts and could not be attributed solely to war business.

## Xmas Bonus: Gift or Compensation?

That yearend bonus you hand out to your employees isn't always undiluted Christmas cheer. Like as not, the Bureau of Internal Revenue will step in and grab at least 20% as income taxes. • **Real Generosity**—If you want to be extra generous, there is a way you can keep your workers' windfall intact. But to do so, your company has to pay the taxes itself—and probably twice as much, too. Here's why:

Under the tax code, any payment to employees—except reimbursement for legitimate expenses—is either compensation or gift.

If it's compensation, employers can list it as a cost and deduct it from gross profits. That could mean a tax saving of as much as 45% at current rates. But then the payment is taxable income to the workers, and employers must withhold.

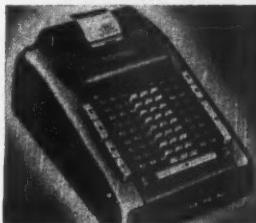
If, on the other hand, the bonus is

## Most Convincing Adding Machine Offer Ever!

# Clary GUARANTEES TO CUT YOUR TAX ACCOUNTING COSTS!

**WE ARE SO SURE** the Clary can do your income tax figuring faster and cheaper that we make this offer to users of 25 or more adding machines: If one of your operators can't do your work faster on a free-trial Clary than on her present adding machine, *we will pay her salary during the week's trial period!*

**THIS DARING OFFER IS MADE** to show you that the all-electric Clary, world's fastest adding machine, is engineered on an entirely new principle that gives it an operator's speed up to 48% faster than other makes. For you, this means more work output, lower office overhead. *Prove it for yourself!* You or your own Methods Department will be the judge. Mail the coupon now or call the Clary representative listed in phone book yellow pages.



**WORLD'S FASTEST** adding machine, the Clary is completely new in design from the desk up. All control bars are motorized. Easy super-speed rotary printing spins out 188 items a minute. Rotary action gives machine longer life.



**ONE TOUCH** on handspan keyboard enters an entire item, eliminates 4 to 5 motions on every figure printed. Exclusive thumb add bar across bottom makes this practical. Keyboard is laid out like ledger page.

## Clary does your work faster

*Manufacturer of Adding Machines and Bookkeeping Cash Registers*

Clary Multiplier Corporation,  
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San Gabriel, California

- Please tell me how I can take advantage of your revolutionary new comparison test plan.
- Please send me free booklet, "Time, People and Equipment."

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Firm \_\_\_\_\_

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# 1950 Year of Greatest Freight Progress on the M. & St. L.

**1950** will be recorded as the Year of Greatest Freight Progress in the 80 years' history of the Minneapolis & St. Louis Railway.

This year, motive power of the M. & St. L. will be completely Dieselize. Placing in service of eight more Diesel locomotives in early 1950 means the passing of the last of the good old M. & St. L. steam engines. New buildings, for service and repair of Diesels, are now in operation at Marshalltown, Iowa, and Minneapolis. Construction of a new general office building of the Railway in Minneapolis, to cost about \$1,000,000, is in full swing.

All this climaxes an improvement program on which the M. & St. L. has spent more than \$50,000,000 in ten years. In this opening year of the second half of the Twentieth Century, the M. & St. L. is better staffed and equipped than ever before, to sustain its long reputation for

## Fast Dependable Freight Service

- To Shippers and Receivers
- To Agriculture, Commerce and Industry
- To Connecting Railroads, via Peoria and Other Traffic Gateways

## TRAFFIC OFFICES IN 36 KEY CITIES

The Minneapolis & St. Louis Railway

Fast Freight Service via the Peoria Gateway



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SENIOR SPRINGREST  
with adjustable  
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**NO. 1800**  
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Conventional Type;  
Seat and Back Tilt  
Together

\*We'll send you his name if you don't know it.  
We'll also send you a stimulating booklet,  
"The High Cost of Sitting".

You'll never know what a Sturgis posture chair can do for your health, well-being and job performance till you try one. So call your Sturgis dealer\* and tell him which of these two luxurious executive chairs you'd like to try. No obligation naturally.

THE *Sturgis* POSTURE CHAIR CO.  
STURGIS, MICHIGAN

classified as a gift, employees don't have to cut Uncle Sam in at all. But the business loses the tax deduction; it has to charge the payment to net profits or to surplus.

• **BIR's Standards**—However, just deciding that you want the bonus to be a gift—or compensation for past services—doesn't settle the question so far as BIR is concerned—though your decision helps. The bureau has standards of its own. Some are listed in the tax code; others were laid down in numerous decisions by the courts.

Here's what the bureau looks for in classifying bonuses as gifts or compensation taxable to the worker:

**Intent of the employer**—did he want it to be a gift?

**Authority** of management to "give away" stockholders' money.

**Frequency** of the giving—BIR tends to regard isolated bonuses as gifts, those given regularly as extra compensation.

**Timing**—was the bonus linked to an appropriate gift-giving occasion?

**Method of computing**—if the bonus is a fixed percentage of the employee's wage or salary, it is considered extra compensation. If an employee must meet some service requirement to be eligible, the bonus is compensation.

## TAX BRIEFS

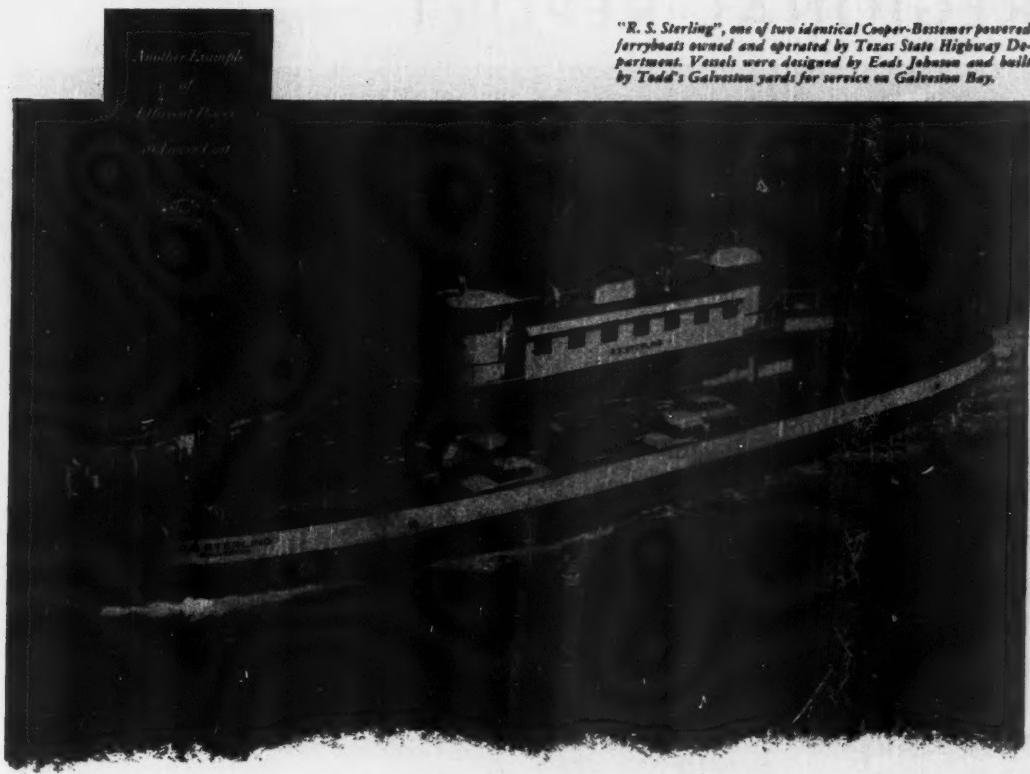
**A new booklet**—"Your Rights of Review When the Government Questions Your Income Tax Return"—has been compiled by the Commerce Dept. It tells in simple language how to handle protests, hearings, and court action. You can get it from Commerce's Small Business division in Washington or any field office.

**Excises on television** and deep-freezes, which went into effect Nov. 1, won't be charged on sets that were in dealers' hands before that date.

**The amusement tax** cannot be collected from park operators who ask no admission but charge only for rides. Federal District Court has ruled that use of a merry-go-round or a pony is not "admission to a place."

**The tax status of Guam** has been confused by a law passed this year changing the island from a possession to an unincorporated territory. Previously, income of residents was exempt from federal taxes; now no one knows if it still is.

**Dividend income** can no longer be reported as a total; hereafter, taxpayers must itemize each payment and enter in a separate schedule to be included in the new tax blanks.



"R. S. Sterling", one of two identical Cooper-Bessemer powered ferryboats owned and operated by Texas State Highway Department. Vessels were designed by Eads Johnson and built by Todd's Galveston yards for service on Galveston Bay.

## Why Texas motorists believe in "good ferries"

SINCE midyear, motorists on Texas Highway 87 have had a chance to see what two good ferries, nice big new ones, mean in saving driving time and money. By means of free ferry service across Galveston Bay, this heavily traveled highway has for years connected rich Texas industrial areas with Galveston refineries, ports, and other busy points east. In order to avoid a crippling traffic bottleneck, adequate, fast, dependable ferry service is vital.

That's why the Texas State Highway Department recently replaced their outmoded ferries with two bigger, more modern ones—the one shown above and another just like it. That's also why they gave extra careful thought to propulsion power . . . wound up by choosing Cooper-Bessemer diesels. The new boats not only carry twice as many cars per trip but they do it a lot faster. And despite a tough round-the-clock schedule, those Cooper-Bessemer diesels will work efficiently for years with a minimum of time out.

If you have heavy-duty power jobs coming up . . . marine, locomotive or stationary . . . check into the new things being done by one of America's *oldest* engine builders. You'll find they add up to reliable power at lower than ever cost.

*The*  
**Cooper-Bessemer**  
*Corporation*

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New York • Chicago • Washington • San Francisco • Los Angeles  
• Houston • Dallas • Odessa • Seattle • Tulsa • St. Louis • Gloucester  
New Orleans • Shreveport

# REGIONAL REPORT



Federal Reserve District	October 1950	September 1950	October 1949	Federal Reserve District	October 1950	September 1950	October 1949
1. Boston	214.1	217.9	190.2	8. St. Louis	260.4	261.0	225.0
2. New York	228.8	232.1	195.7	9. Minneapolis	275.3	272.8	242.5
3. Philadelphia	236.0	231.4	197.6	10. Kansas City	296.0	289.9	251.5
4. Cleveland	238.1	241.2	195.8	11. Dallas	317.6	320.2	268.2
5. Richmond	260.8	257.4	215.0	12. San Francisco	284.4	282.7	241.4
6. Atlanta	285.1	287.8	249.0	U.S. Composite	254.8	254.6	215.6
7. Chicago	253.0	252.1	213.0	1941=100 adjusted for seasonal Other figures preliminary; September revised			

## Income Rise Reaches a Plateau

The six-month parade of income gains just about came to a stop in October on the basis of preliminary figures. The composite of BUSINESS WEEK's Regional Income Indexes gained only two-tenths of a point, smallest since March.

Reasons were employment dislocations due to shifts from civilian to war production, seasonal drops in employment in some lines, farm-income dips in several regions, and, least important, scattered strikes.

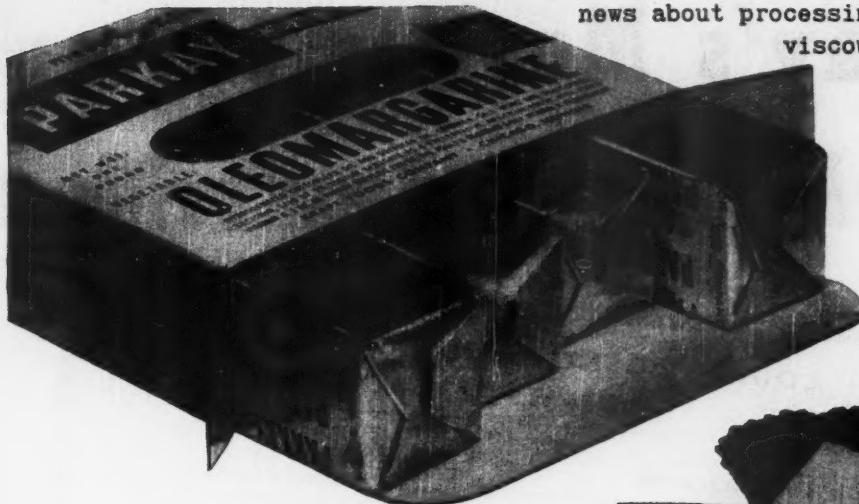
Among the regions, Kansas City, Bos-

ton, and Philadelphia registered the biggest increases in October; New York and Cleveland experienced the biggest drops.

• **Dead Season**—This is pretty much of a dead season for farm income. One exception: This is the time of year when the livestock areas cash in on the major part of the year's income. And they're doing very well, indeed; cattle and hog raisers are among the few farmers in the country who can boast of increases in both production and prices.

The big cash crops, cotton and wheat, got hit hard this year—cotton by a nose dive in production that more than wiped out big price gains; wheat by a decline in output combined with a big holdover that kept prices at last year's levels. It has been a livestock man's year, and he's cashing in his blue chips now.

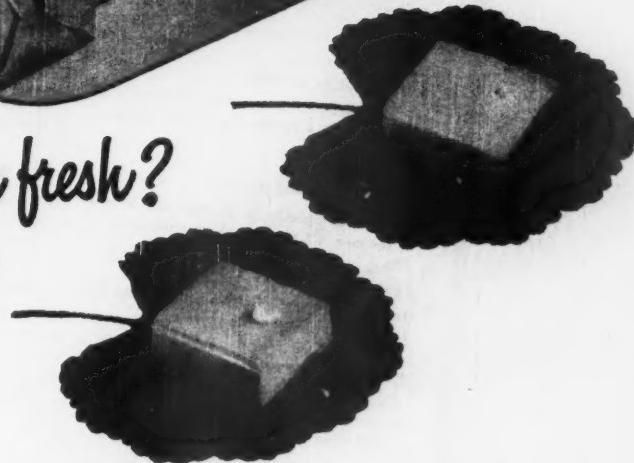
• **Turnabout**—Enough time has passed now since Korea to indicate that the outbreak of war made a big change in the regional income pattern. By and large, the regions that were weakest be-



news about processing liquid or  
viscous materials

# Like your flavor fresh?

## HERE'S HOW KRAFT GUARANTEES IT



PARKAY is guaranteed to be always fresh. Kraft Foods Company backs this guarantee with a streamlined system of production and distribution. Once basic ingredients are ready, Parkay is processed with VOTATOR Margarine Manufacturing Equipment in a matter of seconds. Each package is then coded and rushed to market.



VOTATOR MARGARINE PROCESSING UNIT

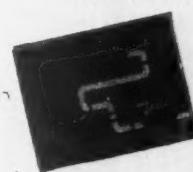
Guaranteeing not only the date—but the fresh flavor—demands rigid quality control and speed in processing. VOTATOR apparatus chills, congeals, and plasticizes materials like margarine *six to ten times faster* than any other known heat exchange mechanism.

Also, with VOTATOR apparatus operation is continuous in a closed system. This overcomes the variations inherent in batch processing, and safeguards product purity and freshness.

Such rigid quality control, and savings in labor, space, and time can be yours, too. If you process any

liquid or viscous material involving the transfer of heat, investigate VOTATOR Processing Apparatus.

### Get this Free Book Today!



This 32-page book gives you the complete story on VOTATOR Processing Apparatus. Describes the processing of an amazing variety of food and industrial products.

Contains 12-page technical section with valuable reference data and charts. Write for your free copy today.

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# Today's Most Important About Today's Most

## COUNTRY GENTLEMAN HAS GREAT IMPACT ON ITS READERS...

### STRONG DUAL APPEAL

It's read regularly by over 9 out of 10 (90.7%) men, over 9 out of 10 (94.4%) women heads of subscriber homes.

### READ AGAIN AND AGAIN

An issue is returned to for reading 5.2 times by the men, 5.5 times by the women.

### READ MANY HOURS

An issue is read 3 hrs. 19 minutes by the men, 3 hrs. 13 minutes by the women.

### READ THOROUGHLY

Every major editorial item in issue surveyed had been seen by one or more persons in 65% of the homes.

### HELPS TO FARM BETTER

6 out of 10 families get useful ideas from it on their major farm product, and over 64% of these recalled specific ideas.

### HELPS TO LIVE BETTER

Women in 6 out of 10 homes get useful home-making ideas from it, and over 3 out of 4 of these recalled specific ideas.

### HIGH ADVERTISING READERSHIP

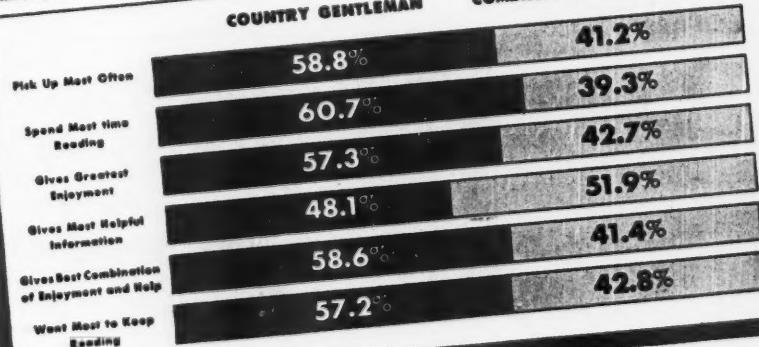
Not only is the advertising read in 96.2% of homes, but in 3 out of 4 useful information is obtained from the advertising, and over 3 out of 4 of these recalled specific ideas obtained from the advertising.

## ... GREATER IMPACT THAN THE OTHER FARM MAGAZINES

To determine preference, 6 different questions were included in the survey. Country Gentleman was overwhelmingly rated first over the 5 other farm magazines surveyed:

FARM JOURNAL • SUCCESSFUL FARMING • CAPPER'S FARMER • PROGRESSIVE FARMER • FARM & RANCH • SOUTHERN AGRICULTURIST

### COUNTRY GENTLEMAN      COMBINED VOTE FOR OTHER 5



# News

# Important Customers

**T**HIS people of Agricultural America are the balance of power at the cash registers and voting machines. They spend one out of every three of the nation's dollars at retail. And their votes swing both state and national elections.

*Rural buying and opinion has become the decisive factor in the national market. How the big farm magazines compare in selling power is of major marketing importance today.*

On circulation alone Country Gentleman is a mass magazine of major stature, reaching 2,300,000 prosperous families. Now new evidence proves it is the most influential magazine throughout Rural America . . .

The findings at left are from the most penetrating nationwide survey of farm magazine readership ever made—completed after 7 months' intensive work by the distinguished probability-sampling experts of National Analysts, Inc.

Get the full survey details! Ask your Country Gentleman representative to show you the presentation titled, "After The Mailman Leaves." It will throw new light on why Country Gentleman is 1st among farm magazines—12th among all magazines—in advertising revenue. It will show you why . . .

*The best people  
in the Country turn to  
Country Gentleman*



As Christmas comes to millions of farm people, it climaxes a year of good farming and good living for Country Gentleman readers like the Tolins. This Indiana family is featured in the magazine's December issue.

*Country  
Gentleman*

THE MAGAZINE  
FOR  
BETTER FARMING  
BETTER LIVING

# It pays to do business in New York State!

**"Know-how" at your fingertips.** You'll find the world's greatest concentration of top-flight authorities and service specialists in the Empire State. Experts in every business and professional field—from advertising to zymology—are ready to help you build up a sound, profitable operation in New York State. For example . . . more than 850 technical laboratories are at your call. For information of specific interest to your business, write to: N. Y. State Dept. of Commerce, Room 121, 112 State St., Albany 7, N. Y.



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fore Korea have done the best since, and vice versa.

From June, 1949, to June, 1950, the biggest income gainers were the Dallas and Atlanta regions; they rank 10th and 11th, respectively, in gain from June to October. And the two biggest gainers in the latter period have been the St. Louis and New York regions; they ranked 10th and 11th, respectively, in the preceding 12 months.

year ago, and workers are moving out to jobs in other areas. A good clue to the situation is the current list of the most pressing labor shortages: "qualified waitresses, carhops, supervisory salespersons, and auto-parts salesmen."

In the part of New Mexico included in this region, Otero County is the strongest, due principally to increased activity at the White Sands Proving Grounds. In northern Louisiana, a new oil field has been proved in La Salle Parish. In southeastern Oklahoma, crops have been poor, and labor surpluses are substantial despite heavy outmigration.

• **Drought**—Farm income in the district is down sharply this year. Due principally to drought in the Panhandle, the region's winter wheat crop was almost a total loss. The cotton crop is estimated at just half last year's. Most other crops were also smaller; a few, including corn and grain sorghums, ran counter to the trend.

Killing frosts hurt some late crops early this month. Among them were lettuce in Brown County and tomatoes along the Rio Grande around Eagle Pass. And close to 70% damage was reported to the \$74-million rose crop around Tyler.

To top it off, future farm prospects are poor. Again the reason is drought, this time throughout the district. It has brought germination of winter grains, cover crops, and pasture to a complete standstill in many places. Winter wheat is so poorly rooted that cattle can't be turned into the fields for grazing for fear they'll pull the plants up bodily.

• **Cattle Good**—Cattle are going into the winter in good shape, except in the coastal and extreme southern counties, where critically dry ranges and feed shortages have resulted in thin cows and considerable culling of herds. Sheep in the Edwards Plateau area around San Angelo are in good shape. But cash income here is restricted because almost everyone in the sheep country is holding back lambs and ewes to increase the size of breeding herds.

• **Expansion**—New construction continues strong in Texas. At Houston, Ethyl Corp. is spending \$20-million on new buildings; Sheffield Steel (part of Armco) will expand to the tune of \$22-million; Reynolds Metals plans a \$3-million plant. At Texas City, Carbide & Carbon has a \$74-million expansion under way, and Pan American Refining is spending \$2-million to expand its chemical facilities. At Beaumont, Texas Gulf Sulphur is spending \$10-million on facilities to serve a newly developed sulphur mine in the Spindletop area.

Other Texas building includes: Phillips Petroleum, a new \$94-million gasoline plant at Alvin, a \$34-million carbon-black plant at Borger, and a \$24-

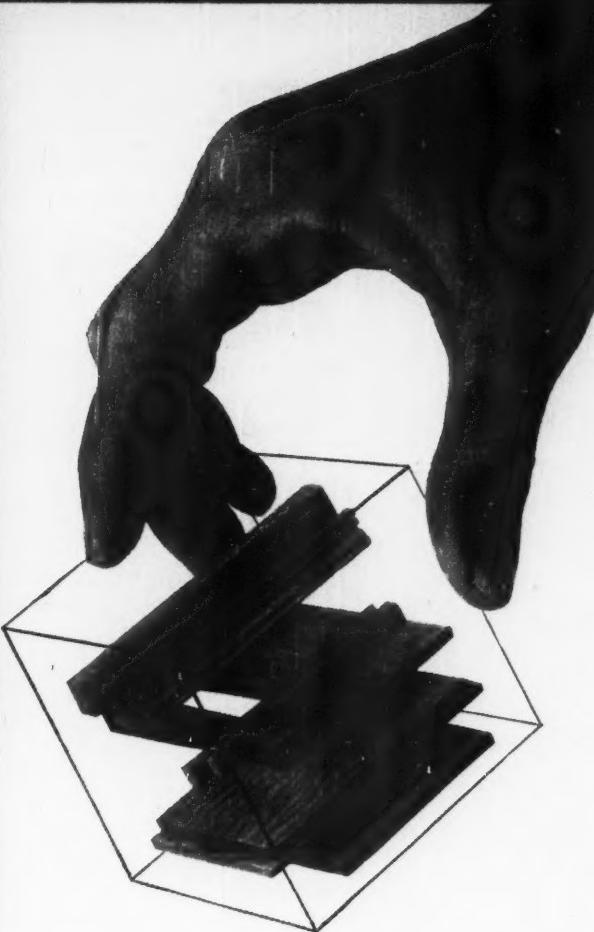
INCOME here seems to have reached a temporary peak; it dipped slightly in October on the basis of preliminary figures. The reasons are hard to assess. Employment continued to rise during the month, though more slowly than during the summer. Declines in petroleum and natural-gas production, construction, food processing, and some service lines took most of the edge off of increases in manufacturing.

Farm income is definitely below last year's, though month-to-month changes are impossible to evaluate at short range.

• **Labor Tight**—Dallas continues as the tightest labor market, with unemployment only 1.7% of the labor force. This low rate is especially significant because more workers are moving into Dallas today in search of jobs than at any time since the war. Immigration in September alone is estimated at close to 2,000, many of them from counties in northeast Texas, where the cotton crop failed almost completely this year. The biggest gains in manufacturing employment have been in the aircraft plants, and this gain is expected to continue if skilled workers can be found. One source of manpower will be the Ford assembly plant; it's cutting from two shifts to one and laying off 800 workers.

Other cities in the region where unemployment is less than 3% of the work force include Austin, El Paso, Lubbock, San Antonio, Waco, and Wichita Falls.

• **Workers Moving**—The Beaumont-Port Arthur area is in sharp contrast; unemployment there is higher than a



**TAP THE FOREST TO FIT  
YOUR NEEDS THROUGH  
GEORGIA-PACIFIC'S  
"new dimension"**



Georgia-Pacific recently announced a "new dimension" in plywood, lumber and door buying... efficient, coordinated buying from a single source. But, the "new dimension," based on a nation-wide network of plywood and lumber mills, warehouses and offices, is more than a modern, cost-saving way to meet all your needs... it also represents improved products to help you make better use of wood.

Here are some Georgia-Pacific product examples:



**GPX**—the plastic-faced plywood—so hard, so smooth, so durable it's turning in an amazing cost-cutting record of performance in many industrial and construction applications.

**DOUGLAS FIR PLYWOOD**

all types, all sizes, produced to meet top-quality G-P standards by controlled milling methods in the Northwest's largest mills.



**HARDWOOD PLYWOOD**—from Georgia-Pacific's modern Savannah plant—G-P Crownply, the decorative hardwood plywood... and G-P Plysheet, the specially processed, virtually warp-free plywood sheathing and utility panel.



**GIANT SCARFED PANELS**  
12', 14', 16', or up to 10' x 72'  
panels for time-saving marine  
and industrial use.



**HARDWOOD LUMBER**—Southern and Appalachian hardwoods of all species.

**SOFTWOOD LUMBER**

Long Leaf and Short  
Leaf Southern Pine  
and Western Lumber  
of all types,  
processed for  
maximum strength  
and uniformity.



**DOORS**—Panel and Flush doors of  
all styles, made by precision methods  
for strength, beauty and economy.



Send for your copy of the 20-page booklet, "A New Dimension" and the Problem Analysis Data Form that will help you re-examine your plywood and lumber needs, and buying methods. Write Georgia-Pacific Plywood & Lumber Co., 1201 Southern Finance Building, Augusta, Georgia.

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**PLYWOOD & LUMBER CO.**

Georgia-Pacific representatives—trained men with wood engineering "know how"—are available in cities where offices or warehouses are listed below. It will pay you to talk with them.

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**WHOLESALE DISTRIBUTION WAREHOUSES:** Boston, Chicago, Columbia, Newark, Philadelphia, Raleigh, Richmond, Savannah.



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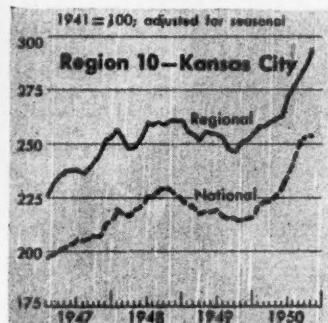
ORGANIZATION \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_

million expansion at Sweeney; Conway Oil, a new \$1.3-million edible-oil refinery at Denison; Sunray, a \$64-million plant at Snyder; Lone Star Cement, a \$34-million building program at Sweetwater.

And at Carlsbad, N. M., Southwest Potash Corp. is building a new \$10-million potash refinery and mining shaft.



**E**VERYTHING'S really booming here—in the cities, in the mines, and on the farms.

Labor is drum-tight. Seven of the eight cities in the region on which the Labor Dept. reports are now on the "A" list with unemployment less than 3% (Denver, Kansas City, Lincoln, Oklahoma City, Omaha, Tulsa, and Wichita). And the eighth (Topeka) is classed "B" (3% to 5%). Weakest part of the region employmentwise is Oklahoma, outside the two major cities. The result has been a steady outmigration of workers.

In Wyoming, employment continued to rise in October, a month that ordinarily sees a seasonal dip. Laramie particularly reports a critical labor shortage.

• **Mining**—The trend in mining activity is up all through the region. Strongest is the tristate lead-zinc area (where Kansas, Oklahoma, and Missouri meet). Not only is mine employment up there, but miners' incomes have jumped \$10 a week—15%—as the result of a labor contract that ties wages to the price of ore.

In Colorado, silver output is up 17% over last year. And discovery of carnotite (a uranium-bearing ore) on Navajo lands may be important for San Juan County, N. M., and neighboring areas of Colorado, Utah, and Arizona.

• **Farming**—Farm income is strong. The winter wheat crop was good except in the Dust Bowl. The corn crop is exceptionally good in Nebraska and Kansas. Kansas soybean output is 87% above last year's. Colorado's sugar-beet farmers are harvesting the biggest crop in years. Oklahoma's cotton area pre-

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Speed is a value in itself when you call for genuine P&H repair parts. And P&H delivers — fast — through a chain of branches, warehouses, and dealers that links the whole U. S. to the great service plant in Milwaukee. Every tenth... or twentieth... or hundredth new part produced goes into repair stocks here, along with repairs for the oldest machines in use.

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## Sight for Styling

You'll like smart, functional Modine styling — the achievement of one of America's standout industrial designers. Modine's truly good-looking lines complement any interior.



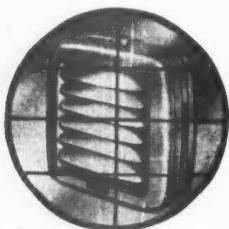
## Sight for Construction

Smart-looking, yes . . . and mighty rugged, too! Modines are well-known for their long years of dependable, trouble-free service. Steam and water-carrying passages are copper and copper alloy to resist corrosion. Tubes and headers are cylindrical — are brazed at the joints to withstand greater pressure. Parker-Bonded casings are rust-resistant.



## Sight for Performance

Horizontal, Vertical or Power Throw . . . any Modine model gives you outstanding, year-in year-out performance. Thanks to expert engineering, Modines assure you the correct outlet air temperature and the right air velocity for uniform comfort. Economical to operate, too!



## For Magnified Value — Always Select Modine Unit Heaters!

Yes, for styling, construction and performance, depend on Modines for big value all the way! In factories, stores, hundreds of other locations — Modine Unit Heaters excel in efficient, low-cost service. Get all the facts from your nearest Modine representative. He's listed in the classified section of your phone book. Or write direct. Modine Mfg. Co., 1508 Dekoven Ave., Racine, Wis.

Ask for Modine Unit Heater Bulletin 149A. Also available — bulletins covering special applications in commercial brooder houses, greenhouses and milk houses.



U-1088

# Modine UNIT HEATERS

FOR FACTORIES • STORES • GREENHOUSES • COMMERCIAL BROODER HOUSES • MANY OTHER APPLICATIONS

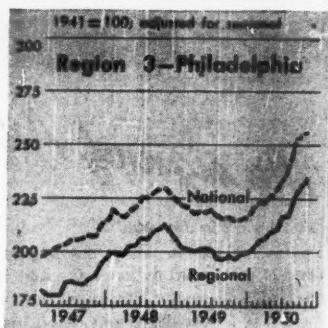
sents a sharply contrasting picture; the crop is down 50% from 1949.

Income from livestock is very good. More cattle and hogs are being marketed, with prices up 25% and 7%, respectively. Sheep and lamb prices are 50% higher, but marketings are down, as sheep men try to increase flocks.

Prospects for next year's winter wheat are excellent. More was planted than last year, and conditions at the start were ideal, though a recent dry spell has caused some deterioration.

• Plants—Ford's new \$30-million assembly plant is the big expansion news in Kansas City. In addition, Sheffield Steel (Armco) plans a major expansion there. Fairbanks-Morse is building a \$3-million factory, and Air Reduction one for \$1-million.

Elsewhere in the region, Colorado Fuel & Iron is spending \$26-million on expansion, mostly at Pueblo; Derby Oil is building a \$2-million cat cracker at Wichita; Cities Service is spending \$3.3-million at Ponca City, Okla.; and Delhi Oil is building a \$14-million refinery at Farmington, N. M.



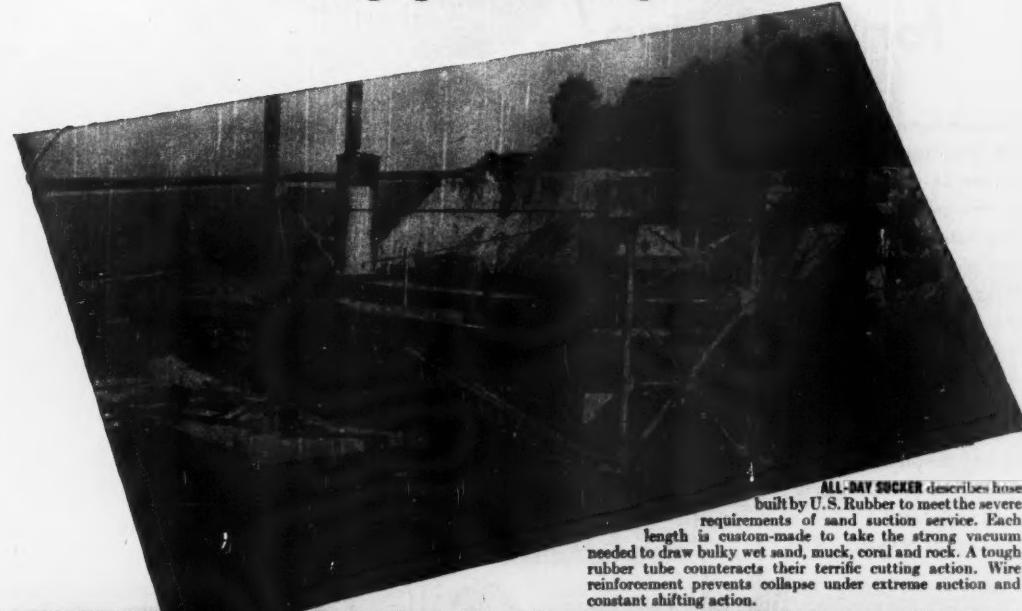
OCTOBER income here did better than in most other regions. In a sense, this was a catching-up—the region as a whole fell behind the rest of the country between June and September.

• Weak Spot—But within the region, conditions are very mixed. The anthracite country remains the weakest section—in fact, Lackawanna, Luzerne, and Schuylkill Counties (Scranton, Wilkes-Barre, and Pottsville) make up one of the weakest areas economically in the entire country. All three are still on the Labor Dept.'s list of distress areas; there are only four other such areas in the country.

At the other end of the line, Wilmington, Del., is one of the country's strongest spots. Unemployment there is so low that women, older men, and the physically handicapped are actively sought. Other places in the region where labor supply is tight are York,

# THRIVING ON A DIET OF MUD AND WATER

**U. S. Rubber Hose does a multitude of jobs from dredging to de-barking trees**



**ALL-DAY SUCKER** describes hose

built by U.S. Rubber to meet the severe requirements of sand suction service. Each length is custom-made to take the strong vacuum needed to draw bulky wet sand, muck, coral and rock. A tough rubber tube counteracts their terrific cutting action. Wire reinforcement prevents collapse under extreme suction and constant shifting action.



**WATER SUCTION AND DISCHARGE HOSE** by "U. S." can readily be rounded out, if crushed or flattened in service. It is lighter in weight than ordinary constructions, yet it is remarkably flexible and durable. When the operating conditions are unusual, "U. S." engineers design a construction to meet them.



**RAZOR OF WATER!** At a pressure of 1400 lbs. per sq. in., the 2 jets of water spurt from special U. S. Rubber hoses on this de-barking machine, can strip a 20-ft. log in 30 seconds. So great is the pressure on this hose that if the to-and-fro movement of the nozzles were slowed down, holes would be bored in the log.

The research and design staff of United States Rubber Company is always at your disposal when you have a question about hose. They know the latest developments in the hose field, new techniques, new methods, new economies. They can make hose do many things it has never done before, are constantly developing hose that meets new standards in efficiency, durability and safety. Write:

A PRODUCT OF



**UNITED STATES RUBBER COMPANY**  
ROCKEFELLER CENTER, NEW YORK 20, N. Y.

# Now Hydraulic Drives for Boats, too!

When a fisherman wants to troll it's a big advantage for him to be able to move so slowly that he "feels like he's going backwards."

But heretofore, at trolling speed there was the ever-present risk of "fouling" the engine by running it too slow. And a konked-out engine in a rough sea can be mighty dangerous.

The Twin Disc Clutch Company, who perfected the double-circuit hydraulic coupling, has licked this trolling problem, with the Model MGH-220 Hydraulic Marine Gear.

This gear incorporates a hy-

draulic coupling in which the amount of fluid is varied by remote control. This variation permits increased or decreased "slip"—up to as much as 60%—which in turn acts to multiply the ordinary reduction gear ratio by as much as  $2\frac{1}{4}$ , so that the fisherman can troll while running the engine in a safe and efficient range.

Wherever you see power at work, whether in boats, or in the construction, logging, petroleum, farm equipment, or machine tool fields, look also for Twin Disc, pioneer in smooth power transmission equipment.



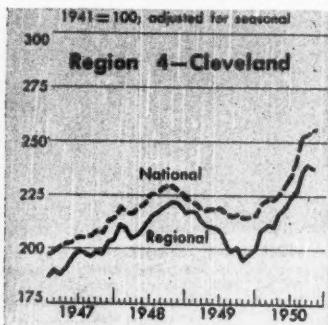
TWIN DISC CLUTCH COMPANY, Racine, Wisconsin - HYDRAULIC DIVISION, Rockford, Illinois  
BRANCHES: CLEVELAND • DALLAS • DETROIT • LOS ANGELES • NEWARK • NEW ORLEANS • SEATTLE • TULSA

Lancaster, and the Bethlehem-Allegheny-Easton area.

• **Spectacular**—As compared with last year, Altoona has shown the most spectacular improvement. A year ago, there were 8,500 unemployed there, and the city was a chronic tenant of the distress-areas list. Today there are fewer than 3,000 jobless, only about 5% of the labor force. In addition, many firms in the city have boosted their work weeks beyond 40 hours (the Pennsylvania R.R., by far the city's biggest employer, is one), which means that payrolls have risen even faster than employment. And it looks as if both will continue to rise for the next several months. Sylvania, for instance, now employs 580; it will probably hire 350 to 400 more by January.

U. S. Steel is rushing plans for its new mill at Morrisville, Pa.; although the official ground-breaking isn't until March, bulldozers are already at work at the site. There are rumors that at least two other steel companies plan to move into the Philadelphia area—one in Delaware County, just below the city, the other across the river in Gloucester County, N. J. At Friedensburg, Pa., near Bethlehem, New Jersey Zinc Co. is reopening some zinc mines that have been closed down since 1892. Doehler-Jarvis plans a \$4-million plant at Pottstown, Pa.

• **Farmers Down**—Farmers' buying power in the region is down a little from last year. Strongest spots are the dairy counties in northeastern Pennsylvania, the tobacco country in the southeastern part of the state, and the Delaware broiler-raising area.



CONSOLIDATION of gains seems to be the pattern in the Cleveland district; on the basis of preliminary figures, income in October was slightly below the September level. But it was still 1% above August, and 5% higher than just before Korea. November will probably be still lower, due to the storm-caused paralysis this week.

Apparent reasons for the October drop were seasonal layoffs in some lines

# A NEW approach to Insurance



**Only this man can show you  
the GRAPHIC INSURANCE AUDIT**

BUSINESSMEN all over the country have agreed—after seeing the GRAPHIC INSURANCE AUDIT—that for the first time they gained a complete picture of their insurance needs . . . could put their finger on overlapping coverages, and on gaps in their programs of insurance protection.

Only THIS MAN—your nearby U.S.F.&G.

Agent—can show you the GRAPHIC INSURANCE AUDIT. Call today and arrange for him to bring you a copy which can be patterned to your own insurance situation, personal, business or both.

There is no obligation. Why not call him now?

For claim service in emergency, call Western Union by number and ask for Operator 25 who has the name and address of your nearest U.S.F. & G. Agent.



**United States Fidelity & Guaranty Company, Baltimore 3, Md.**

**Fidelity & Guaranty Insurance Corporation, Baltimore 3, Md.**

**Fidelity Insurance Company of Canada, Toronto**

CONSULT YOUR INSURANCE AGENT OR BROKER  
AS YOU WOULD YOUR DOCTOR OR LAWYER

# News about steel

FROM U.S. STEEL SUPPLY

## What effect will "Mobilization Economy" have on steel supplies?



• Our economy is now entering an extended period unlike any other in our history. During this period, industrial efforts will be divided between building an adequate defense machine and maintaining our high standard of living. Industries working on government defense orders will have "DO" priority ratings and get first call on critical steels. Steel distributors will replenish their inventories by passing these defense orders along to steel producers.

Under these circumstances, if you do not have a "DO" priority rating you may have difficulty obtaining certain steel items essential to defense. Substitute steels can frequently be employed, but you may need help in locating suitable material.

**Here's how to get the help you need:**  
Call in a United States Steel Supply Company representative. He will do his best to locate the type of steel your work requires. That's his job . . . to give you the best service possible, whatever the circumstances.

**Principal Products:** Carbon, Alloy and Stainless Quality Steels—  
Aluminum—Reinforcing Bars—Tools—Supplies and Machinery

WHEN YOU DEAL  
WITH US, YOU GET  
**Service  
Plus!**

**UNITED STATES STEEL  
SUPPLY COMPANY**



Warehouses and Sales Offices:

BALTIMORE • BOSTON • CHICAGO • CLEVELAND • LOS ANGELES  
MILWAUKEE • MOLINE, ILL. • NEWARK • PITTSBURGH • PORTLAND, ORE.  
SAN FRANCISCO • SEATTLE • ST. LOUIS • TWIN CITY (ST. PAUL)  
Sales Offices: INDIANAPOLIS • KANSAS CITY, MO. • PHILADELPHIA  
ROCKFORD, ILL. • TOLEDO • TULSA • YOUNGSTOWN  
Headquarters Offices: 208 S. LaSalle St.—Chicago 4, Ill.

UNITED STATES STEEL

and strikes of production workers, especially in Toledo. Also, the Pittsburgh newspaper strike, which started Oct. 1, had a distinct impact on income there; all types of trade and service businesses reported a marked drop in activity.

The region as a whole is already at a very high employment level, so income gains are harder to come by than in regions that have more slack to take up. The steel industry is one example; even before Korea it was operating above rated capacity, so income gains there can come only in two ways. One is installation of new capacity, which will be felt gradually over the next several years. The other, which will result in a big income boost all at once, is the higher wage scale in the new steelworkers' contract.

Areas with the tightest labor supply are Canton, Dayton, and Youngstown. At Toledo, on the other hand, employment, though rising, is below a year ago. But, due mostly to wage boosts, payrolls are 6% higher. Akron and Pittsburgh still have a moderate labor surplus, except for a few skilled lines. Springfield is the only major area in the region that is now credited by the Labor Dept. with a "substantial labor surplus."

• **More Plants**—Biggest new-plant news in the region is in the steel industry. Republic will spend \$75-million on expansion in Cleveland; Empire will boost capacity 20% at Mansfield. Armco, which just finished a \$12-million, 500-man expansion at Middletown, has announced plans for another \$35-million program there and for expansion estimated at \$15-million in Ashland, Ky. And Sharon is spending \$40-million at Sharon, Pa.

Other Ohio expansion includes: Standard Oil of Ohio, a new \$5½-million distillation plant at Cleveland; Rockwell Mfg. Co., a 400-man expansion at Bellefontaine; Weather Seal Co., a new 200-man storm-window factory at Orrville; Winter Stamping Co., a new 100-man plant at Napoleon to make engine parts for International Harvester; Doehler-Jarvis, a \$3½-million, 1,000-man expansion at Toledo; Kaiser-Frazer, a new \$3-million stamping plant at Shadyside; Pittsburgh Plate Glass, a \$2-million expansion at Mount Vernon; Liquid Carbonic, a new \$1-million plant at Urbana; American Radiator, a \$1-million expansion at Tiffin.

Titusville, Pa., once the oil capital of the world, lost its last refinery when Quaker State closed down there last month.

• **Farmers Flourish**—Farm income in the region is up from last year, despite rising costs. Farmers in northwestern Ohio are doing very well; not only is dairy income higher, but the important soybean crop is up in both yield and price.

**MODERN CONTROL IN FAMOUS  
BUILDINGS: NEW AND OLD**



• **Texas Company Office Building, Houston, Texas:** This 30-year-old building recently was air conditioned, sectionally, with four "control zones" on each of its 13 floors, regulated by a comprehensive system of Johnson Thermostats and Dampers.



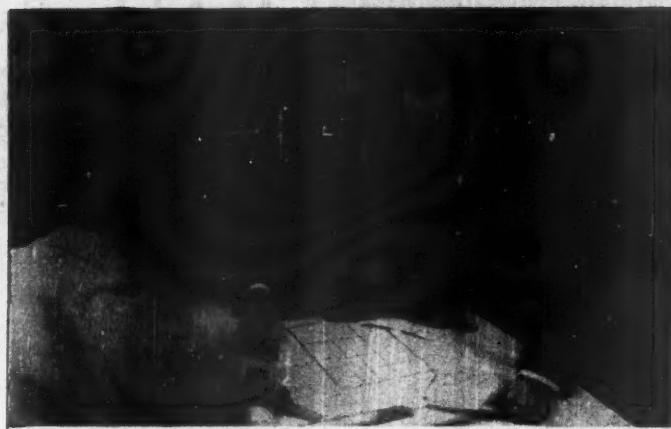
• **General Petroleum Corporation, Los Angeles, Calif.:** A thousand Johnson Control stations mix the warm and cool air in this largest office building in Los Angeles. Each 14-foot area has its own "weather", some being heated at the same time that others are being cooled.



• **Confederate Memorial Hospital, Shreveport, La.:** Hundreds of heat convectors are controlled by Johnson Individual Room Thermostats, together with flexible arrangements of other Johnson Control apparatus to solve the temperature problems which are presented by the special requirements of hospital techniques.



• **John Hancock Mutual Life Insurance Company, Boston, Mass.:** Johnson Control for 1250 air conditioning units involves nearly 800 Johnson Room Thermostats with an associated Johnson Valve and Damper Operator in each unit. Johnson Outdoor Master Control regulates the 16 systems which supply primary air to the units.



**AUTOMATIC TEMPERATURE CONTROL**

**"Planned for the Purpose"  
by JOHNSON**

Automatic temperature control systems, in the larger buildings, must be "Planned-for-the-Purpose" if they are to meet the varied requirements of each individual heating, cooling, ventilating or air conditioning installation. This distinctive Johnson policy has been followed ever since the first Johnson apparatus was manufactured, 65 years ago.

The complete responsibility of Johnson service—design, manufacture, and installation centered in one organization—makes advance planning possible. There is no danger of too many cooks spoiling the broth.

Johnson engineers, in direct branch offices throughout the country, see every job through from start to finish. That is the proved way to insure that temperature control systems function correctly, automatically answering the needs of each building, in the interests of economy, comfort and convenience.



Any problem in automatic temperature control can be solved best by Johnson, against a background of years of experience and development. Often, existing systems can be modernized with little expense—resulting in worthwhile savings. Call a nearby Johnson engineer for a conference which entails no obligation whatsoever.

**JOHNSON SERVICE COMPANY, Milwaukee 2, Wisconsin. Direct Branch Offices in Principal Cities.**

**Johnson**

*Automatic Temperature and Air Conditioning  
Control*

DESIGN • MANUFACTURE • INSTALLATION • SINCE 1885



## Why ELWELL-PARKERS are a Better Buy than ever before!

An Elwell-Parker industrial power truck outperforms a whole gang of manual laborers, and averages 20 to 30 years of service. Even if labor rates were stable, the truck would pay for itself many times. But common labor has increased 500% since

1914, while E-P trucks have about doubled in cost and are better built. In addition, Elwell-Parkers (1) protect men and materials, (2) permit high tiering to save floor space, (3) speed production by synchronizing flow of materials to and from interrelated machinery.

E-P truck lifting 3500-lb. roll 17½' for storage.

### FREE BOOKLET

on Scientific Materials Handling. Ask for "Industrial Logistics". Write The Elwell-Parker Electric Company, 4012 St. Clair Avenue, Cleveland 3, Ohio.

**ELWELL-PARKER**  
Power Industrial Trucks  
Since 1906

# SMALL BUSINESS



"**WHERE DO I GO** and whom do I tell about this new brake-fluid indicator of ours? It's a natural for military transport," says James Stone (right), president, Hydro-Power Injector Co. Says Otto Klein (left), acting regional director, General Services Administration, "That's an ordnance item. It will have to go to Aberdeen Proving Ground sooner or later. Get in touch with Army Ordnance."



"**HOW LONG** can a big manufacturing operation making tanks, for example, keep going without machine parts and service?" asks V. L. Board (right), Maintenance Equipment Co., Denver. "Prime manufacturers can get a DO (priority order). People who supply parts and service can't." Clinic chief Commander Ashler admits, "That's a hole all right, one that should be closed."



**"HOW DO I PUT** our new process and new machine to work? It joins steel tubes faster and cheaper than anything you ever saw," says John Mattingly (left), of Heath Engineering Co. Commerce's regional director, Charles Brokaw, has the answer: "Find a prime or subcontractor who's got to do that sort of thing; challenge him to let you have that part of his contract below his present costs."

## Uncle Spreads the Word

"Uncle Sam's Circus"—a traveling crew of federal officials—tells small-business men in Denver, and other cities, how to stay in business despite mobilization.

The small-business man today trails a very large question mark. He's scared he's going to lose his shirt in the big business of defense. What he wants to know is where he gets in on the rush of government orders. Or doesn't he? The Truman Administration has said it very loud and clear that he does. And that brings a whole new string of questions.

The federal government has made a business of answering them. A picked crew of consultants has been flying the country since last July, holding clinics to advise small-business men in some 40 communities how to get into the rearmament stream.

• **Sample Clinic**—A fortnight ago, a clinic set up shop in Denver, Colo. There "Uncle's Flying Circus" played to a packed house of 400 businessmen and women. Even the local business chiefs (Denver Chamber of Commerce, Colorado State Chamber of Commerce, Colorado Manufacturers' Assn.) who

helped arrange the meeting were surprised at the turnout. A planeful of people flew over the Rockies from Grand Junction, Colo., 250 miles away.

The audience hung on every word for five hours, then rushed the platform to ask questions or crowded clinic members into side rooms for a private investigation.

• **Questions**—"How do we get priorities so we can stay in business?" two young men wanted to know. They own Westcraft Novelty Co. in suburban Denver. They make novelties and gifts of copper—sure casualties in any tight copper squeeze.

"Where do I go to find out whether I have any share in the rearmament?" someone asked.

"Call your local Dept. of Commerce office if there is one," was the answer. "Or write to the nearest one. Or call your local chamber of commerce."

• **Five-Perceters**—"Are there still five-percenterers in Washington?" another

**\$79,754**

**NET PROFIT IN  
38 MONTHS**



## with this SHEFFIELD AUTOMATIC GAGE

From Nov. 1, 1945 through 1946-7-8 more than 68,400,000 automotive shock absorber pistons were checked and segregated according to undersize, oversize and five tolerance ranges of .0005 each.

Original cost of \$14,400 was amortized in 5½ months.

Net profit of \$79,754 had been realized in 38 months when a major design change in the shock absorber caused the machine to be shifted from full-time to periodic inspection of replacement parts—but it is still in operation and producing more profit.

This is but one of many case histories of amazingly high and quick returns on investments in Sheffield Multiple and Automatic Inspection Equipment.

At your service are competent engineers for consultation or survey, without obligation.

Address Consultation Service

the **Sheffield**  
corporation



Dayton 1, Ohio, U.S.A.

## How to build a span in 5 days

at only \$2.00 per square foot



Swinging the assembled concrete beams into place to form the deck cover for the bridge. Beams are only 11½" deep.

IN OCTOBER the first Prestressed-Concrete Bridge in the United States was put in service. Its roadway, designed for a 15-ton load, was of an entirely new design which permitted amazing speed of construction and cost only \$2.00 per square foot. With the experience gained, it is estimated that similar spans to be built will be erected in five days—ready for traffic in 14 days—and at an even lower cost.

The span is made up of beams formed of machine-made concrete blocks laid horizontally with mortar joints. Two Roebling Prestressed-Concrete Galvanized Strands running through longitudinal holes in the blocks were placed under tension, converting each beam into a self-contained monolithic concrete unit. After the beams were erected in place, the span was covered with a continuous, mesh-reinforced concrete slab and laterally prestressed when the concrete had cured to strength.

Americanized Prestressed-Concrete, employing special cold drawn steel wire and specially designed fittings, is an exclusive Roebling development. It makes available a new construction material with an exceptional strength-weight ratio...a material economical in itself and a real time-saver! Its potentials quickly recognized, it has already been adopted in several structures, including use for floors and roof of a large commercial building now under construction.

The Roebling engineering staff is ready to help your engineers work out problems connected with new applications for Prestressed-Concrete.

FOR NEW DEVELOPMENTS  
AND EXTRA VALUE IN WIRE  
AND WIRE PRODUCTS ...

# Today it's Roebling!

JOHN A. ROEBLING'S SONS COMPANY, TRENTON 2, NEW JERSEY  
Atlanta, 934 Avon Ave. • Boston, 51 Sleeper St. • Chicago, 5525 W. Roosevelt Rd. • Cincinnati,  
3233 Frederica Ave. • Cleveland, 701 St. Clair Ave., N.E. • Denver, 4801 Jackson St. •  
Houston, 6216 Navigation Blvd. • Los Angeles, 216 S. Alameda St. • New York, 19 Rector St.  
• Philadelphia, 12 S. 12th St. • San Francisco, 1740 Seventeenth St. • Seattle, 900 First Ave., S.



"MY TROUBLE'S ALUMINUM. I have a little fabricating business—we're making hair curlers," R. E. Hebbeler (right), of B&A Sales Co., tells Charles E. Shaver, Senate Small Business Committee.

businessman was trying to find out.

Commander P. F. Ashler, chief of the small-business division, Defense Dept., leads off the show. He undertook to answer that one. Five-percenters are businessmen's legmen in Washington, he said, "but we're setting up government competition with them, trying to tell you how to get the job done without them."

Colorado's Sen. Ed Johnson was skeptical about this. He said he hoped "Washington would be different from last time, when the town was so crowded with five-percent grafters that an honest man wasn't able to get a hotel room."

• Warning—W. J. O'Donnell, chief, small-business division of RFC, had his



"WHO SETS PRIORITIES?" Mrs. M. R. Eagle, president, Western Marketing Corp., tells her troubles to Charles Brokaw, Commerce Dept.'s regional director.



*Did you say that you can  
help me cut operating costs?*

### **INDEED WE DID!**

**Men of management everywhere  
are discovering the efficiency and  
economy of the new Royal Electric**

The new Royal Electric offers management an extraordinarily efficient typewriter for every typing need—from the front office to the typing pool.

The letters of the president and chairman of the board have a beauty, sparkle, and evenness that are truly startling. Such letters do them credit.

And in routine typing jobs Royal Electric gives you speed, clarity, and economy. In heavy-duty work it can supply as many as 20 clear carbon copies.

Under all circumstances the new Royal Electric lessens operator fatigue and tension, adds to morale.

**Here's important news!** There is no time-consuming "change-over" problem with the Royal Electric.

Operators are on familiar ground. The controls on the Royal Electric are in the same position as on Royal Standard Typewriters.

Exclusive "*Touch Control*" allows the operator to adjust the key tension to give her the touch she prefers. "*Magic*" Margin permits instant, automatic margin setting. *These are exclusive Royal Electric features!*

Let us show you how efficient the new Royal Electric can be in your office. Have your secretary send in the coupon.

#### **SEND IN COUPON NOW!**



Royal Typewriter Company, Inc., Dept. 12  
2 Park Avenue, New York 16, N. Y.

I would like a copy of the brochure, "Picture of Progress," describing the new Royal Electric.

NAME \_\_\_\_\_

COMPANY \_\_\_\_\_

ADDRESS \_\_\_\_\_

**STANDARD ROYAL ELECTRIC**

Made by the World's Largest  
Manufacturer of Typewriters

"Touch Control" and "Magic" are registered trade-marks of  
Royal Typewriter Company, Inc.

# Why Wax Floors So Often?

"To protect the floors and simplify maintenance," would be a logical answer. However, these purposes can be served, and still the frequency of waxing can be reduced, by using *The Finnell Hot-Wax Process*. In this process, *Finnell-Kote Solid Wax* is used, and it is applied mechanically with *Finnell Equipment*.

*Hot-waxing* affords greater penetration—allows the wax to flow into the pores of the floor—and thoroughly utilizes the wax solids. *Hot-waxing with Finnell-Kote*, whose genuine wax content is three to four times greater than average wax, produces a finish unique in wearing and protective qualities. Shows substantial savings in labor costs, on a year-to-year basis, as a result of fewer applications required. *Finnell-Kote* is heated in a *Finnell-Kote Dispenser* attached to a *Finnell Machine*. The melted wax is fed to the floor through the center of the brush ring, and is uniformly and rapidly spread by the revolving brushes. Sets in less than ten seconds, and polishes to a beautiful, non-skid finish that actually seals out dirt and grime. Contains genuine Carnauba.

*Finnell* makes a complete line of *Waxes*...also a full line of *Cleansers and Sealers*...and *Floor-Maintenance Machines and Accessories* for every type of floor care. The machine shown below is a *Motor-Weighted Finnell* that can be used to apply wax, polish, wet-scrub, scrub rug, steel-wool, dry-scrub, sand, and grind!

For consultation or literature, phone or write nearest *Finnell Branch* or *Finnell System, Inc.*, 3812A East Street, Elkhart, Indiana. Branch Offices in all principal cities of the United States and Canada.

**FINNELL**

THE *Finnell*  
*HOT-WAX PROCESS*



**FINNELL SYSTEM, INC.**

Pioneers and Specialists in  
FLOOR-MAINTENANCE EQUIPMENT AND SUPPLIES

BRANCHES  
IN ALL  
PRINCIPAL  
CITIES

"DATA AND BID FORMS reach us too late if we stay out of Washington." L. A. L. Jones (left) is head of 25-employee American Steel & Iron Works.

say. He advised Denverites bluntly: "There's one type of guy I wish wouldn't bother us. This fellow comes to see you, tells you he is bleeding to serve his country, but hasn't got anything save blood—he has no plant, no equipment, no organization, no nothing. . . . In such cases I tell 'em to join the marines—that's where blood is needed."

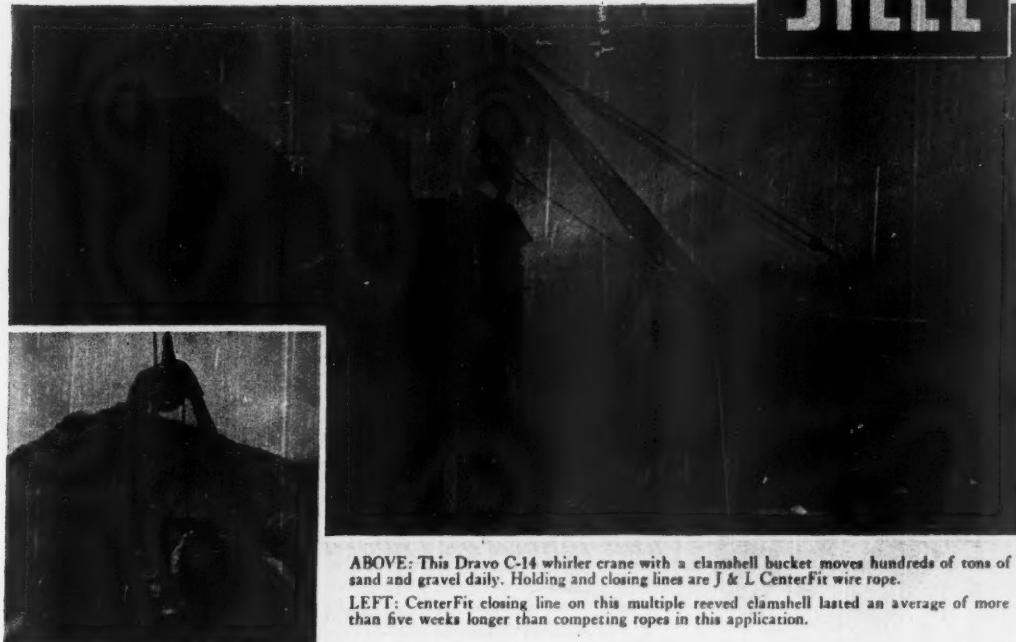
• **Lessons**—L. H. Kittell, secretary of Colorado Manufacturers' Assn., summed up the results this way: "We were well satisfied. I was a little skeptical at first, but I think our people learned a lot. . . . One thing they learned is that there is no common or easy road to U.S. contracts. Every man has to find his own road."



REALISTIC SPONSOR, Sen. Edwin Johnson, "hopes" the audience will get more than the "usual bureaucratic malarkey about small business getting all the business."

# SOUTHERN MATERIALS COMPANY ALMOST DOUBLES WIRE ROPE SERVICE LIFE WITH J & L CENTERFIT

J &  
L  
STEEL



ABOVE: This Dravo C-14 whirler crane with a clamshell bucket moves hundreds of tons of sand and gravel daily. Holding and closing lines are J & L CenterFit wire rope.  
LEFT: CenterFit closing line on this multiple reeved clamshell lasted an average of more than five weeks longer than competing ropes in this application.

## J & L CenterFit Holding and Closing Lines Outlast Nearest Competitor by an Average of More Than 5 Weeks

Here's a report on the service life of J & L CenterFit Wire Rope from the Southern Materials Company, Richmond, Va., large producers and handlers of Sand, Gravel, Ready Mixed Concrete, SOLITE and Slag.

Southern Materials used a Dravo C-14 whirler crane with a 2 cu. yard clamshell bucket to test four competing brands of wire rope, among them J & L CenterFit wire rope.

Among the ten ropes tested J & L CenterFit holding and closing lines had an average service life of nearly twice that of the competing brands.

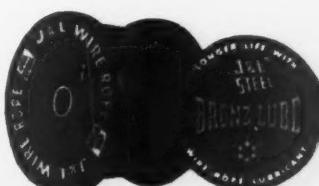
This is how the ten ropes compared:

Brand	Service Life
A	3 weeks 3 days
A	3 weeks 1 day
A	3 weeks 1 day
B	5 weeks 3 days
B	5 weeks 6 days
C	7 weeks
C	4 weeks 6 days
J & L CENTERFIT	10 WEEKS 2 DAYS
J & L CENTERFIT	14 WEEKS
J & L CENTERFIT	10 WEEKS

It's no wonder that equipment owners are turning to CenterFit—the new wire rope produced exclusively by J&L for use on equipment having small sheaves and drums.

Unlike conventional wire ropes CenterFit is laid together in one operation. All strands run in the same direction with outside strands fitting snugly into the valleys between inside strands. This unique construction means more steel and fewer voids than any conventional wire rope. The result: Higher Strength . . . Greater Flexibility . . . Easier Handling . . . Longer Service Life.

Write today for your free copy of the booklet, "CenterFit". You'll get the facts on this newest development in wire rope design.



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# MARKETING

## Dealers: Reluctant Speculators

Auto and TV men unwilling to absorb more stock despite virtual certainty of coming shortages plus buying rush. They're frightened by post-Korea slump and credit curbs.

It won't be long now. Consumer goods—particularly hard goods—are going to get scarcer; and the consumers are going to be fighting to get them. It's bound to happen. National income is going up, building up purchasing power. Stiff cutbacks in metals needed for defense are going to slice production.

Even Regulation W, which has been holding down the lid the past couple of months, may not keep the top from blowing off when those two factors really team up.

It looks like a perfect setup for the dealers, especially in autos and TV sets. They can stock up now, hold their inventories, then wait for prices to go sky high when the real rush for goods begins.

But here's the paradox: Auto and TV dealers want no part of any more inventory; they're not happy about what they have already; and many of them are crying their eyes out over credit regulations, which cause the situation.

• **Screwy Market**—Both cars and television sets are quick turnover items. Dealers aren't used to big inventories and don't like them. Their reluctance has been strengthened by the screwy state of the market since Korea. The summer brought boom business; the sky was the limit. But then came the fall with its credit controls and slump in sales. Now, with big inventories, the dealers are afraid of the future.

### I. Automobiles

Right now, there's some question just how bad the inventory situation in cars really is. The National Automobile Dealers Assn. accepts a figure of about 500,000 for cars in transit or in dealers' hands. Other industry estimates range down to 400,000. But even if you accept the 500,000 figure, it's subject to interpretation. NADA stresses that this means the average dealer has some 11 cars on his hands, against about eight a month ago. On the other hand, Detroit also notes that the 500,000 is 70,000 less than the year-ago level.

• **Manufacturers**—The car companies are soft-pedaling the inventory situation. Chevrolet claims that the carry-

over of its old model cars came only to about four per dealer. Pontiac cites the same figure.

What really seems to worry the wailing dealers is the rate at which they are afraid inventories will pile up rather than the current level. Usually the auto manufacturers ease off heavy production during the late fall and winter. The winter is a poor sales season, and, anyway, the makers are normally involved in changing over production lines for new models. But this year, the dealers complain that production has gone on pretty much at full tilt.

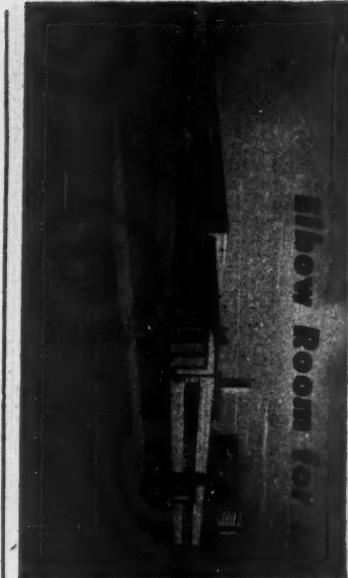
To get rid of stocks, many of them have been selling below list price. One Ford dealer reports that he unloaded all his last year's models before the new ones came in—but only by shaving up to \$150 off list.

• **Passing the Buck**—Some dealers have also resorted to a new device to keep from piling up more inventory. They have been getting their finance companies to carry the ball for them. The finance companies go to the manufacturers, tell them that they won't finance any more cars because the dealer's inventory is already dangerously large. Thus the dealers hope to escape any possible retaliation from the makers, who might take it out on the dealer later by cutting quotas when things get tough.

Behind everything the dealer does today lies a healthy fear of Regulation W. He figures that, despite production cutbacks next year, credit regulations are still going to hurt.

• **Lots of Cars**—There are only guesses, of course, about how many vehicles will roll off the lines in 1951. The talk in Detroit now puts the cutbacks at about 25%, which would leave a thumping 6-million cars and trucks next year. The dealer argues that credit restrictions will make this number hard to move.

Worse yet, he's afraid of what will happen to the used-car business. On one hand, credit restrictions hit the chief buyer of used cars, the low-income man. On the other, the buyers of new cars are no longer in the "must buy" class. They may want, but they don't need, cars. They may insist on a good allowance for their cars, else be slow to buy. So the dealer faces a two-way squeeze. If he has to take losses on used



### Efficient Warehousing...

It takes the right kind of room to receive, warehouse and ship large objects such as tractors and farm implements. So Pacific Northwest Ford Tractor Company erected this building with plenty of open space to make the job easy. Roof structure is formed on top of glued laminated girders of Timber Structures, Inc., 40 feet in span. This not only provides easy warehousing operations but also permits low sidewalls and genuinely low building costs. Girders are permanently free from dimensional

changes and do not shrink, twist, crack or warp. Thus they require no maintenance.

For additional information on Timber Structures' clear span buildings for industrial and commercial uses, see your nearest Timber Structures representative, or write us for illustrated booklet, "Timber Members".

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<input type="checkbox"/> Fabricated Products—Cutlery, Hardware, etc.	<input type="checkbox"/> Ordnance Equipment.
<input type="checkbox"/> Transportation Equipment—Aircraft, Auto, Naval, Railroad, etc.	<input type="checkbox"/> Others:

(USE MARGIN for name, title, firm, address)

cars, the new-car market may not bail him out.

## II. Television Sets

The television-set dealer's problems are somewhat different, of course. But in his case there's little doubt that the inventory is running out his ears.

The set manufacturers, like the auto makers, are turning on the pressure. The weekly output rate in October hit an average of more than 200,000 sets a week—a new record. Meanwhile, sales have turned a backflip. Since the onset of excise taxes, TV sales in the New York market have been cut anywhere from 50% on up, according to what trade source you use. Elsewhere in the country, they're about as bad.

• **Excise Tax**—The dealers are particularly unhappy because they stocked up in anticipation of heavy buying to beat the excise tax on Nov. 1. But the buying spree never materialized, partly because of the color controversy, partly because of the new credit terms. So today many dealers are still selling their pretax models at the old price, or even below list.

• **Saturation**—TV dealers have many fears. Some think television sets may be approaching the saturation point in such big markets as New York. They're afraid, as car dealers have been, that new models coming along early in the year will create big markdowns on the old models.

With color ever in the background, the dealers simply can't figure out the future. Nor has the recent injunction brought against Columbia Broadcasting System by Radio Corp. of America (BW-Nov. 25'50,p25) induced dealers to start reordering, despite some talk to that effect last week.

Appliance dealers, mainly small operators, simply haven't the "financial fortitude," as one distributor puts it, to stock up heavily on inventory. Furthermore, the bigger operators, such as department stores, don't speculate on inventory. Traditionally, they buy to keep abreast of sales; if there are shortages, that's that.

• **Other Appliances**—Dealer inventories of TV sets have been so heavy that they have had an effect on stocks of other appliances. With so much money tied up in TV sets, dealers have had to go light on other items such as white goods. But this has not been all to the bad, from the dealer's point of view. Sales of other appliances aren't very good right now, according to the trade, though reports vary.

But you can bet with pretty full assurance that the TV situation will change before very long. According to the Radio-Television Manufacturers Assn., radio and TV-set production will be cut anywhere from 25% to 40%

early next year because of the aluminum and cobalt curbs, and the ones pending on copper, nickel, and zinc. Similar cuts will, of course, appear in other appliances. Refrigerators, for example, will be greatly affected by these cuts, plus sheet-steel shortages.

## III. Offsets

Some observers feel that neither car nor appliance dealers are taking a full account of the psychological effect that the announcement of these cutbacks will have on the consumer. It's true, they say, that the consumer was bitten after Korea. He rushed to buy to beat shortages, felt stung when they didn't show up. Even so, the argument runs, he's bound to get jittery when it finally sinks in that things are going to be hard to get.

• **Balancing Factors**—Against each worry cited by the car and appliance dealers, the observers stack up an offset. The reduction in home building will decrease the primary demand for major appliances, but it will release a lot of cash for other purchases. Though Regulation W will knock many buyers out of the market for cars and other items bought on instalment, defense industries will create a lot of new money burning people's pockets. Although new models are on the way, the changes coming up are—in the case of TV sets and cars—almost too small to notice. And so far as color TV is concerned, it probably won't make much difference when real shortages start to show up; people will just get what they can, while they can.

• **Effect of Curbs**—What's more, the observers say that dealers tend to be too bearish in calculating the future effect of Regulation W. The Commerce Dept. has just estimated that no less than 50% of new-car sales, 40% of used-car sales, and 40% of other durable-goods sales contracted this year will be on a strictly cash basis.

From these figures some observers conclude that there is a solid chunk of spending that you can count on, credit controls or no credit controls.

The people who take a bullish view also point out other factors that tend to wash out the effect of Regulation W on spending. There's the point that, because saving has little attraction these days, consumers are putting their money into goods rather than into bank accounts or bonds (BW-Nov. 25'50,p10). Under such conditions, goes the argument, you can expect consumers to buy cars, TV sets, appliances, and other hard goods—particularly if it looks as though such goods will be scarce.

As one major distributor put it last week: "Not long after Feb. 1, dealers will be killing themselves wishing they had warehouses filled with TV sets."



Drafting room which Architect Harris Armstrong designed for his own business in Kirkwood, Missouri. Thermopane window wall affords maximum daylight for his staff and protects them from downdraft in winter.

## When an Architect designed for his own Business

Harris Armstrong, well-known architect of St. Louis, Missouri, recently designed an office—for his own business.

And this is what he says: "Since the *Thermopane*\* installations I have made between 1940 and the time I built my office have been all that is claimed for the material, I used it on my own personal work with confidence that it would do a good job, and it has."

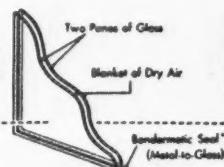
The north wall of his drafting room is built of *Thermopane* insulating glass and the drawing tables are placed right beside it. "It is only by doing this," Mr. Armstrong says, "that top light free of shadows is made possible. And the only way that people working directly at these windows could be com-

fortable in very cold weather is by the use of double glazing. Otherwise there would be downdraft.

"*Thermopane* in the other areas is not so important (for personnel comfort) but was used for economic reasons. Since I use electric heat and cooling, the additional cost will probably pay for itself in a very few years in reduced power bills."

To the principles applied here—greatest use of floor space, maximum use of daylight, reduction of heating and cooling costs—add these further considerations when you think of building: when walls are *Thermopane*, costs of exterior construction, finishing and interior decorating are eliminated. On a square foot basis, you'll find it economical to build walls of *Thermopane*. Get the details. Write for literature.

FOR BETTER VISION SPECIFY **Thermopane**  
MADE WITH POLISHED PLATE GLASS



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MADE IN U.S. SOLELY BY LIBBEY - OWENS - FORD GLASS COMPANY  
57128 Nichols Building, Toledo 3, Ohio



EVERY 15 MINUTES of Brown & Bigelow's four-day sales conference is accounted for on this master schedule. Orion Winford, company vice-president who directs the show, makes sure that there will never be a dull moment for the salesmen guests.



GUESTS of honor at the show are Charles A. Ward, B&B president, and his wife.

## Plan It-

Parties don't just happen. They take a lot of forethought, usually a lot more than the guests ever realize. But thorough planning was obvious to the 1,000-odd guests who attended Brown & Bigelow's four-day-long wingding that was held in St. Paul, Minn., this week. It was a sales conference, but it was conducted with all the preparation—and



PRESHOW BRIEFING: Director Winford familiarizes B&B hosts with model exhibition hall, converted basement of St. Paul auditorium.



CARNIVAL SECTION features a ball-throwing booth where salesmen can aim pitches at portraits of executives who canceled orders.



STAGE SETS were worked out in detailed models months before the conference started. H. E. Kranhold, sales policy vice-president, directed writing of the skits.

## Salesmen Won't Forget

extravagance—of a military campaign.

There was something to celebrate: Charles A. Ward, Brown & Bigelow's colorful president, is rounding out his 25th year with the specialty advertising concern, which makes calendars, pencils, and various other "remembrance" items.

Three months before the party began,

a staff of B&B technicians started making working scale models of stages and rooms in the St. Paul Auditorium where the conference was held. The basement of the auditorium was turned into an exhibition hall to display Ward's \$250,000 collection of Western saddlery.

Total cost of the party is reported to be nearly half-a-million dollars.



STREET SCENE set transforms into giant replicas of upcoming B&B calendars. Model breaks through one to announce the show.



### Pardon our Pride... It's justified!

P-I-E has just won top honor in the 16th year-long National Safety Contest sponsored by the American Trucking Associations. Judges from two other national associations and a government agency—they all agreed on P-I-E!

**FIRST AWARD** for safety among over-road general carriers traveling 12,000,000 miles and more annually.

**FIRST AWARD** for safety in local general cartage class, 1,000,001 to 2,000,000 miles annually.

**FIRST AWARD** for best combination of above two divisions.

**TRAILMOBILE TROPHY** "for the best record of safety and service on the highways regardless of size."

**ANOTHER FIRST** in "Shop Excellence" (maintenance, service, repair). Transport Topics National Contest among for-hire carriers with 400 or more vehicles.

**ANOTHER FIRST** in driving skill and knowledge. P-I-E driver, O.E. Chapman, won the National Championship in the Tractor Tandem axle Semi-Trailer class. E. L. Sharp won 2nd place in the Full Truck-Full Trailer class, and three other P-I-E drivers won State championships.

★ ★  
*When champion drivers operate the best-maintained equipment in the safest manner  
No Wonder "Shippers Agree  
...It's P-I-E!"*

**P-I-E**  
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**BIGGER - BETTER - MORE TO SEE**

## Cow Concentrate

**National Dairy gets  
jump on trade with test mar-  
keting of concentrated milk  
in Wilmington.**

Wilmington (Del.) families this week are having a taste of something the dairy industry has been working on for years—concentrated milk. Housewives get the concentrate in fiber cartons one-third the size of a quart bottle. To reconstitute it, they add two parts water and get a quart of milk. Price is the same as a quart of homogenized Vitamin D, grade A milk.

• **Test Center**—The milk started flowing into Wilmington a couple of weeks ago when National Dairy Products, Inc., launched a major test campaign in the city. In starting its drive, National got a decided jump on the rest of the trade.

Researchers have long been trying to develop a satisfactory process for concentrating milk. The aim is to cut down the bulk of the milk, thus save on delivery and transportation costs. Along the way, companies hope to lick the surplus-scarcity problem by making milk easier to move from brimful areas to sections where supplies are low.

• **Under Wraps**—So far, National has said practically nothing about its concentrating method—except that it avoids a cooked taste and makes a milk that can be easily reconstituted. (These have been the industry's two biggest problems.) Trade gossip, however, has it that the concentrate is produced under a high-vacuum, low-temperature process, similar to the one used for fruit juices.

• **Frozen or Liquid**—To date, there's been little agreement in the industry on which type of concentrate—frozen or liquid—is better. Borden, which last week announced a brand-new high-vacuum, low-temperature installation at its Elgin (Ill.) plant, hasn't yet said whether its concentrate will be frozen or not.

Two of the other companies that have work under way lean to the frozen variety. Beatrice Foods of Chicago is supposed to be close to producing an acceptable frozen concentrate. And a Florida company, Milk Concentrate Corp., which has just been formed, will license a frozen process.

• **Costs**—Despite disagreement over process, all companies go down the line on one point. If a concentrate is to be a success, its price will at least have to be on a par with fluid milk. Industry officials are by no means sure this can be done. Process costs may well offset any savings in transportation and handling.

Either type of concentrate would bring up problems for the industry. A frozen product would mean delivery trucks would have to be refrigerated, and stores would need added freezer space. Then, too, local laws would have to be changed. Many of them bar milk that has substances added to it; frozen concentrates use stabilizers and antioxidants.

An unfrozen concentrate wouldn't produce as many local upsets. But unless the concentrate had long-time keeping qualities, it would do nothing to solve the problem of surplus-scarce area supplies.

But with either concentrate, there would have to be some changes in legislation. Many communities prohibit sale of milk that is shipped in from other milksheds.

## Newspaper Strike Put A Crimp in Retailing

It's rare when a company can find some solid consolation for having been shut down tight by a strike. But Pittsburgh's three daily newspapers can show at least one indirect benefit from the prolonged strike of mailing-room clerks, which lasted all of October and most of November. The newspapers have established themselves as almost indispensable to the community.

Last week, just after the strike was settled, the Pittsburgh advertising and public-relations firm of Ketchum, MacLeod & Grove published a survey on the effects of the strike on local business. Here are some of the findings:

• **Lost Sales**—With no newspaper advertising to bring in the customers, the business done by department stores dropped off from 7.5% to 15% below the same 1948 period. (Last year's steel and coal strikes spoil comparisons with 1949.)

Other enterprises felt similar effects. Beauty parlors and hair specialists reported their business fell 20% to 50% below expectations during the strike; drugstores, 5% to 10%. Attendance at sports events fell off 50%. Employment agencies and personnel departments said that placements plummeted as much as 55%. Most drive-in theaters closed a month ahead of schedule.

• **Inconveniences**—There were a host of side effects as well. The lack of obituaries caused some unfortunate situations. There was, for instance, the funeral of a prominent church woman at which only four people, other than family, showed up. Fund-raising drives had to be postponed.

Then there was also the worried husband who had planned to put his wife back to work. But he couldn't. No want ads.

# WHAT'S DOING IN DALLAS

## Dallas Is Region's Diversified Market

Array of wholesaling, manufacturing establishments attracts buyers from Southwest and all states; semi-annual Dallas general markets resumed. National firms locate in Dallas.

■ You can buy an airplane or a saddle, a cotton gin or a paper box, a felt hat or a pair of nylons, with the label "made in Dallas."

Dallas manufacturers also can sell you such things as big neon sign "spectaculars," storage batteries, fashionable men's and women's clothing, plows and tractors, canned foods and candy bars, metal tanks, gas heaters, oil field equipment, soaps and soap powders, petroleum products.

It's a long, long list — from pralines to

Venetian blinds, from Ford automobiles (Dallas plant) to jet planes (Chance Vought).

And where the manufacturers leave off, the wholesalers take up.

Then, the list becomes virtually all-inclusive.

■ There is one Dallas house (Briggs-Weaver) representing about 600 manufacturers and stocking 27,000 different items. This firm can deliver pumps for the deepest water wells, build a cotton oil mill, or set up a complete machine shop; it has Manila rope to lasso cattle, or wire rope to hold up the biggest block and tackle.

Its growth typifies Dallas' growth as a marketing center. Ten years ago its volume was \$1,500,000; in 1950, in its new, streamlined building, it will do \$4,000,000 out of Dallas, plus about \$1,500,000 from its Houston branch.

It's the same story with Dallas manufacturer after manufacturer, wholesaler after wholesaler — growth, growth, growth!

■ There are three basic facts about the Dallas market:

1. Anybody can find anything he wants to buy in Dallas, practically speaking.

2. Distribution facilities are geared for quick delivery, especially in the tremendous Dallas Southwest states, but also nationally.

3. Warehousing space has been built up on a large scale; notable are the new Alford refrigerated warehouses, believed largest anywhere.

Incidentally, by dollar volume Dallas ranks first in the South as a wholesale market.\*

■ Next Jan. 22, the Spring Market will open in Dallas, continuing through Feb. 2.

\*Wholesale sales, 1948, \$2,197,642,000 (latest Census of Business).

This will be the second of the Dallas so-called "general markets" held since the war. They were resumed with the first Fall Market last August.

This Dallas general market, as distinct from the many special regional markets in Dallas (fashion, furniture, shoe, gift, etc.), covers the full scope of Dallas' diversification in products and merchandise.

Getting away from the jam of a centralized exhibition, the Dallas market has resorted to the open-house technique for showing its wares; each manufacturer and wholesaler stages his own private "show."

■ Behind the scenes of the Dallas market and its success story is a well-established trade organization. This is the Dallas Manufacturers and Wholesalers Association, which promotes, develops, exploits, and publicizes the market.

A non-profit corporation in form, the D. M. W. A. functions as a division of the Dallas Chamber of Commerce. It has its own membership of some 200 firms and a full-time manager (Mark Hannon).

■ "Selling the Southwest market from within" has been the big factor behind the recent parade of national companies into Dallas with branches, main offices, and other outlets.

Transportation and geographical position are strategic at Dallas for distribution. Overnight delivery is common from this point throughout a territory of enormous buying power.

Railroading has long made Dallas a regional crossroads, and such progressive lines as Texas & Pacific and M-K-T of Texas have home offices in Dallas.

■ Prosperity exacts a price. The association in recent years has found itself again and again offering apologies to some of its Dallas visitors and customers. Rapid growth has meant congestion; visitors doing business in Dallas have been stuck without hotel rooms; eager Dallas police fighting postwar traffic have bawled out strangers, etc.

But the picture is brighter: the Statler is clearing a site for a new Dallas hotel, the Baker and Adolphus are building additions. And the police are showing their Sunday manners to out-of-towners!

## DALLAS BRIEFS

In the first 10 months of this year, 928 new firms were established in Dallas, employing 3,624 workers.

DALLAS, monthly publication of the Dallas Chamber of Commerce, has been named first among Chamber of Commerce magazines in the U. S. by the American Chamber of Commerce Executives.

Dallas Graphic Arts Association, affiliated with Printing Industry of America, paid for this advertisement for the Dallas Chamber of Commerce. It is the twelfth in a monthly series to keep interested on Dallas, the city of opportunity in the Southwest. Would you like copies of this advertisement, others in the series, or other information? Address:

Dallas Chamber of Commerce  
Dept. B — Dallas 2, Texas



## THINK OF DALLAS

... and you think of beautiful girls. Ann Morris, pictured prettily above, grew up in Dallas, went to Hollywood, and became an M-G-M player, now is married to a movie director at Warner's (Edwin L. Marin). She plays football with two young sons, tea-parties with baby daughter, paints and writes in spare time ("everything from poetry to musical comedies," she reports).

## LONE STAR GAS (Thumbnail sketch of a Dallas industry)

By Julian Stag

The Lone Star Gas Co., with headquarters in Dallas, is big, even by Texas standards.

It operates in an area nearly 400-x-400 mi. square, has some 12,000 mi. of pipe, and serves customers in about 360 cities and towns.

With the big, new pipelines to the East, natural gas has become hot news in industry. But it's an old story with Lone Star of Dallas; they've been collecting gas at the well and selling it at the burner-tip since 1909.

Lone Star today has more than a half-million customers in Texas and Oklahoma, individual and industrial; property, plant

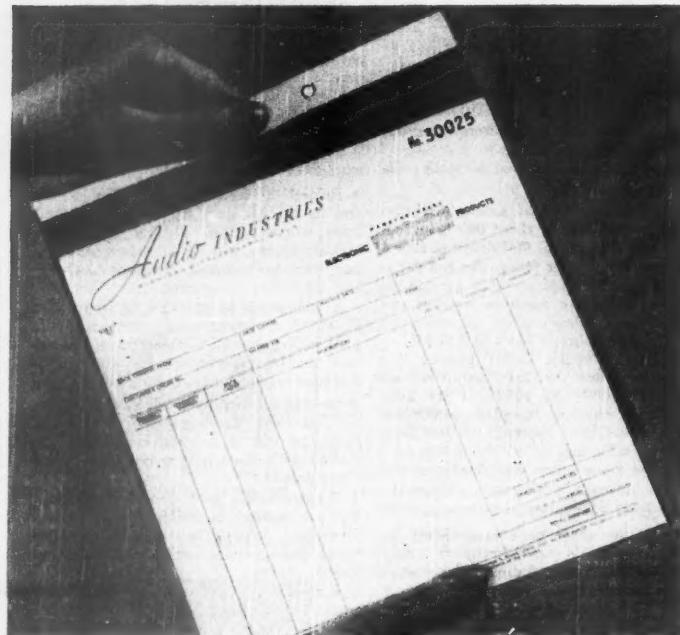
and equipment valued at \$193,950,858 (as of Oct. 1).

They point out at Lone Star that its top men are all up from the ranks. Its president, D. A. Hulcy, started nearly 31 years ago as a clerk in the accounting department.

"Dech" Hulcy, as he is widely known, is a dynamic, friendly man with an apparent passion for getting things done. He was last year's president of the Dallas Chamber of Commerce; he is a vice president of the U. S. Chamber.

And in October, in Atlantic City, Mr. Hulcy was elected president of the American Gas Association, whose membership accounts for companies serving more than 90 per cent of all utility gas customers in the U. S.

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- For handwritten or typewritten records
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- Forms feed themselves . . . typist only types
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- Sets linked in packs of 500 or more

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## MARKETING BRIEFS

Minute Maid's "peddler-wagons" (BW—Feb. 4 '50, p62) will distribute Standard Brands Corp.'s Fleishmann's Yeast and Blue Bonnet Margarine in some New York areas. The products will be sold and delivered direct from the trucks.

Higher TV rates are scheduled for NBC, beginning the first of the year. A half hour of evening network time will cost \$21,780, instead of the present \$16,000. NBC argues that TV circulation will have jumped 12 times from what it was in January, 1949.

Gimbels formally opened the new first floor in its New York store this week. Modernization of the whole store has cost \$6-million to date, will cost another \$1-million next year (BW-Jul. 29 '50, p34).

Burlington Mills will develop rayon fabrics for popular-priced sportswear manufacturing. So far, the company has produced for only the medium- and higher-priced sportswear fields.

New Jersey's gas war is ending, after four months of price cutting (BW—Aug. 19 '50, p66). Prices are back to normal in northern areas, but retailers are still battling in the southern part of the state.

Regulation W dodge: Lacy's chain of Washington (D. C.) TV dealers is running full-page newspaper ads to promote trade-ins. It says it will take "beat-up" radios and small-screen TV sets as trade-ins on large TV sets.

Carpet production this year will almost reach the 1948 peak, the Carpet Institute annual meeting was told last week. Increased use of synthetics (BW—Sep. 2 '50, p56) has kept prices within popular ranges.

Mail-order prices for both hard and soft goods next spring will be about 10% higher than this spring and fall.

Fewer rubber toys will result from the government clampdown on rubber use. Sun Rubber Co., big toy makers, has requested customers to buy only for current demands and early spring selling. But it adds that "we may be forced to raise prices."

Straight bourbon and rye will account for 23% of total whiskey sales this year, says Schenley Industries. Last year they were only 15%.

## DEFENSE BUSINESS

### \$1 a Year? Yes, But

Truman eases ban against unpaid mobilizers—but only a little. Agencies must still try civil service help first.

President Truman finally has given ground in his battle to keep dollar-a-year men out of key mobilization jobs. But it is a very short retreat.

His executive order of last week permits the hiring of WOC's. That's federal employees, the dollar-a-year men who serve the government but stay on their own company's payroll. But the order ties so many strings to such appointments that relatively few WOC's will get in.

Several of the mobilization agencies had hoped they would be permitted to bring in top industry men to head up most of their operating divisions. After a close look at the President's order, however, they've decided they'll get WOC's only for top-level posts.

• **Truman Holds Off**—Truman has been sitting on appointments of WOC's, including even part-time consultants from business, ever since the Defense Production Act became law three months ago. The act provided that industry people could be hired by the mobilizers subject to regulations set up by the President. Truman simply omitted to draft the regulations.

Meanwhile, Commerce Secretary Sawyer got specific approval from the White House to appoint International Telephone & Telegraph's Harrison to the National Production Authority on a WOC basis—also a few of his aides. Then Truman called a halt.

His opposition stemmed from two well-known Truman convictions. As a senator and chairman of the committee that watchdogged World War II mobilization, he developed a deep distrust of businessmen in government jobs that dealt with their own businesses. At the same time, he came to feel that any citizen should be willing to serve his government—at government wages.

That's why Truman called on the mobilizers to hire as many people as they needed from the top three civil-service grades—salaries from \$11,200 to \$14,000 a year. Consultants from industry were all right, but they should not be allowed to make policy.

• **Shortage**—The defense agencies tried to staff themselves within these limitations. They didn't get far.

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Whiting Magnetic Controls are only slightly more costly than drum-type controls, and much less expensive than conventional magnetic controls. Your new Whiting crane can be equipped with this new magnetic control, or Whiting will convert your old manual-type cranes to this new system.



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to whom such jobs did appeal, were scarce. WPB's old staff had long since scattered. And businessmen didn't want the jobs for a variety of reasons, but chiefly because the pay was too light. One told NPA he couldn't pay his insurance premiums, let alone eat, on \$14,000.

Then, too, no one knows how long the crisis will last. It may be a few years; it may be 30. On that uncertain basis, businessmen couldn't see giving up seniority in industry positions for government jobs.

The mobilization agencies finally convinced mobilization policymaker Symington they had to have some relief. The result was the executive order permitting WOC's to retain industry jobs and salaries without running afoul of federal laws to the contrary.

• **Strings**—There are two barriers to wholesale hiring of WOC's in the President's regulations. First is a policy statement permitting appointments of WOC's to other than merely advisory posts only when qualified employees are not available through the civil-service system. Second, the Civil Service Commission was directed to police this directive through reviews of WOC appointments every three months.

In addition, the names, government and defense jobs of each WOC will be filed with the Federal Register. They will not be published in that government record, but they will be available for inspection by the press.

## Utilities to Report Needs Of Aluminum, Copper

Electric utilities will soon have a chance to tell Defense Power Administration how much aluminum and copper they need. DPA is mailing to Class I companies forms covering requirements for the last three quarters of 1951. Returns on aluminum will be asked by mid-December; copper returns won't have to be in until January.

DPA will sum up the aluminum findings and submit them to National Production Authority in January. NPA will allot a quantity of the metal to the utilities; DPA will supervise its distribution.

The aluminum cutback order exempted conductor to be delivered for electric-utility use up to Apr. 1—if the conductor had been ordered before Nov. 13. The copper order, due any day now, will probably allow the same exemption.

Utilities that hadn't ordered all their first-quarter aluminum by Nov. 13 may be up against it. Such hardship cases should be reported direct to NPA.

A steel form is also in the works.

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## Red Tape in Tools

**Metal workers call it a snarl-up when they have to get a separate DO rating every time they need new hobs or taps.**

In Cleveland this week a contractor got a defense order to make a metal part. Machines and materials were on hand—in fact, practically everything he needed to do the job. But he didn't have a little tap to make the screw threads in the part. And because he didn't, he had to go through as much government red tape as if he were buying a whole tapping machine, brand-new.

He had a priority rating on his order, and he could use it easily to get materials. But to get the tap he had to apply to the government for a completely different priority.

• **Snarlup**—Contractors call this rigamarole as bad a snarlup as there is in the defense production procedure. Washington, though it doesn't deny there has been serious trouble in getting some tools, says the red tape is there for good reason.

The whole thing stems from the original priorities order of the National Production Authority on Oct. 3. In it, NPA assigned a special rating—DO 98—for machine tools and other production equipment classed as capital equipment. But it also assigned the same rating for the expendable cutting tools that fit onto a machine—the jigs, hobs, taps, etc.

NPA's idea in setting up the special ratings was to keep holders of defense orders from building up their plants with equipment that wasn't absolutely necessary.

• **One Rating**—But machine tools, and the tools for them, are two different things, say contractors. Hobs and taps have never been capital equipment; they are perishable and, in most cases, are designed for a particular job. The same holds for dies and fixtures.

Contractors see no reason why they should have to get a special DO rating every time they need a new tool or when one breaks or wears out. They feel there are already adequate ratings to get the material they need to fill defense contracts. Why, then, can't the same ratings be used in getting tools to work the material?

• **No Chance**—Washington's answer is that it wants to keep close tag on the equipment that goes into plants. It has no intention now of changing the ratings on tools. It says that improvements being made by the Defense Dept. to speed DO 98's will iron out most of the present difficulties.



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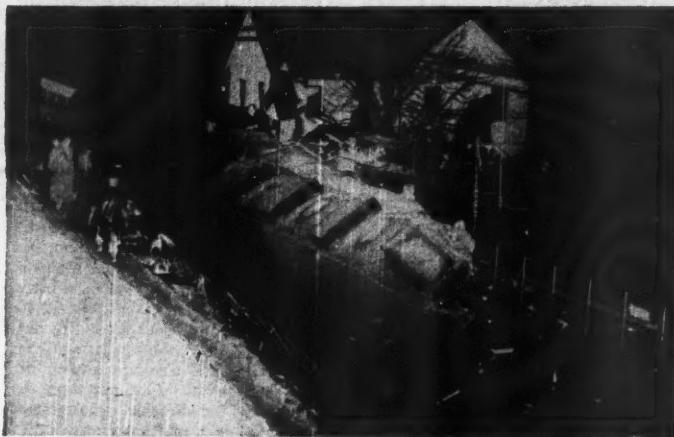
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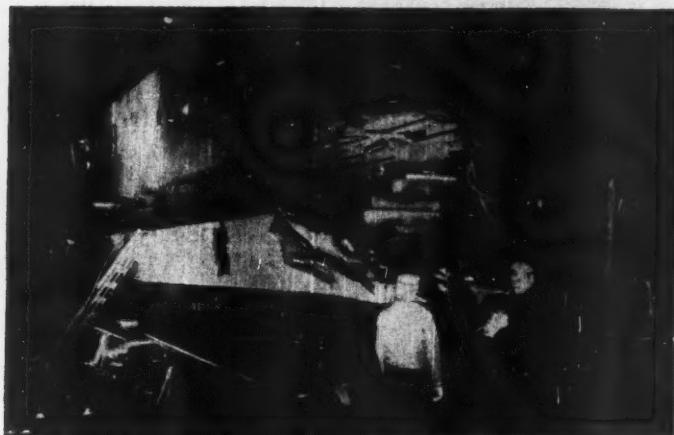
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BW-12-2-50

# FINANCE



ROCKVILLE CENTRE wreck on the Long Island R.R. last February cost 32 lives.



RICHMOND HILL smashup killed 77 passengers on Thanksgiving eve.

## Wreck Starts LIRR Shakeup

Third major disaster in a year brings state investigation of the road's operation. It may end with public ownership and linkage with New York City's rapid transit system.

Is there any way to make the Long Island R.R. a safe and convenient transit system? Can it be done under private ownership? Can it be done under public ownership?

Those are the problems New York's Governor Dewey, New York City's newly elected Mayor Impellitteri, and a host of local county officials have had thrust upon them by last week's wreck—one of the worst in railroad history—on populous Long Island's only rail carrier.

The catastrophe has touched off the worst storm of public criticism ever to assail the Long Island, which is used to it. It was the third serious accident this year—the second ramming of one jammed train by another. It raised the toll of passenger deaths since February to a fantastic figure: 109 killed, 473 injured.

• Unique—The 116-year-old Long Island R.R. does a business quite different from its fellow Class I carriers.

Its service area is the whole of Long Island, N.Y.—118 mi. long, 13 to 20 mi. wide. It operates two main lines and a network of branches, a total of 365 mi. of track. It has no competition from any other rail system. Neither does its mileage, much of which is electrified, connect any large centers or form part of any through routes of importance. It collects a much smaller part of its total revenues from freight than most other Class I systems.

The Pennsylvania R.R. has held all the stock of the Long Island for many years. It first acquired control of the line in 1901. In March, 1949, the Long Island went into bankruptcy, and two trustees were appointed to administer the system.

• Investigations—Many investigations of last week's accident have already started. Inquiries are under way by the Interstate Commerce Commission, New York's Public Service Commission, the district attorney of the county where the smashup occurred, and by the Long Island itself.

But the public doesn't expect much to come out of these investigations. ICC, in fact, has already warned that by law it is called on only "to determine the cause of the accident and to make such recommendations as it deems necessary," that it has no authority "to require that its recommendations be carried into effect."

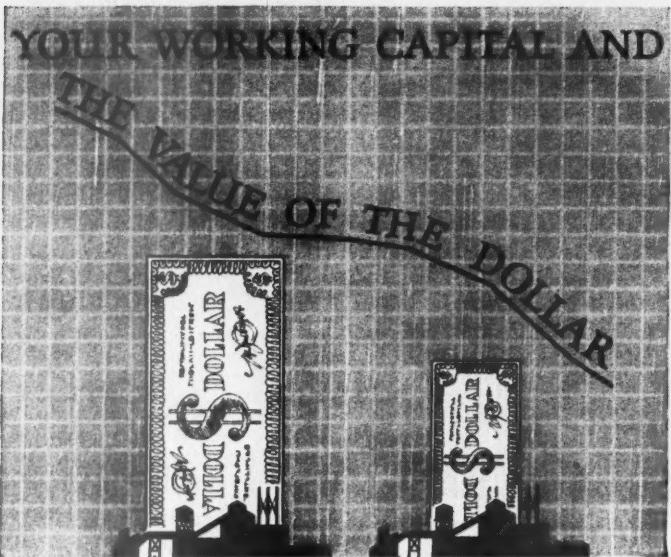
• Comprehensive Study—But Governor Dewey's investigation has more teeth. He has set up a special three-man state commission to make a comprehensive study of the problems of the whole Long Island system. He told them not to limit their investigation just to last week's accident.

The commission, known as the Long Island R.R. Commission, is headed by former Secretary of War Robert P. Patterson. Its task is to determine the basic causes of the road's decrepitude. How can it be got out of bankruptcy? Is public ownership necessary? Is it feasible to integrate the road's commuting facilities with New York's municipal rapid transit system?

The commission may also suggest new state and federal legislation to rid the road of today's overlapping and conflicting controls.

Dewey has arranged to finance the study by drawing on the State Emergency Fund, which now contains over \$1-million. Beyond that, he has announced that he will soon ask legislative leaders "to join me in signing certificates for all funds necessary for the commission."

• All at Once—Before 1949 the Long Island's accident rate was actually lower than the average of all eastern roads. Between 1926 and 1948 it carried over 2-billion passengers without a fatality. And no passenger was killed in 1949.



**I**S THE FACT that your dollar volume has increased faster than you can build up working capital a "headache" now? Will the problem become more severe in meeting higher payroll and material costs, heavier taxes? Are you going to be called on to speed up and expand production to meet Government requirements?

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either, even though last year the road carried more than 14% of all passengers hauled by Class I systems.

Last year, however, 20 employees did lose their lives in accidents. The rate of all injuries and deaths also jumped far above the eastern region's average.

And thus far this year passenger deaths on the Long Island are three times the total killed on all the nation's railroads in 1949.

• **Blame?**—Who's to blame? Most of the road's travelers will insist that the Pennsylvania R.R. is the villain. According to such sources, Pennsy has milked its subsidiary in outrageous fashion, has been largely responsible for the financial troubles that forced the road into bankruptcy in early 1949 (BW-Mar.12'49, p82). It's directly blamed, too, for outmoded and dirty equipment and for the lack of esprit de corps among the Long Island's staff. (One passenger describes it as "insufferable disinterestedness on the part of train crews.")

• **Denial**—Such charges are vigorously denied by the Pennsy. Since it acquired control of the Long Island, the Pennsy says, it has had to pour close to \$105-million into the system; at the same time it has withdrawn in dividends only \$18-million. It denies, as well, the recent charge of county officials that through interrailroad accounting and operating practices, the parent has long been siphoning some \$2-million annually from its subsidiary (BW-Jul.2 '49,p54). And the Pennsy points out that the annual rentals the Long Island has been paying for use of its station and tunnel facilities over the last decade were long since approved by the ICC.

• **Man Failure**—Despite the road's current poverty, none of this year's serious accidents has been caused by faulty or poorly maintained equipment. All appear, instead, to have had one common cause: man failure. Two appear to have been caused by motormen running past stop signals at excessive speed, one by an employee throwing a switch at the wrong time. In fact, according to ICC and the local PSC, the Long Island's safety precautions appear quite good by normal railroad standards.

The crux of the matter appears to be this: The Long Island is not a "standard" railroad property. For years, over two-thirds of all its income has come from its passenger traffic. And little of that has come from long-haul business. It has been derived largely from commuters at less-than-average fares. Last year its average rate per passenger per mile came to only 1.92¢ against an over-all average of 2.45¢ for Class I roads.

In other words, the Long Island appears to be essentially a rapid transit system.

This point is stressed by critics of the road who argue that "standard rail-



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road practice" isn't suitable for it. They say that for proper protection the road needs to install the same mechanical safety system that the New York subways use.

• **Trippers**—One particular bone of contention has been automatic trippers. These automatically stop a train when it approaches another. Many people think they should be installed on all the road's high-traffic-density commuting mileage; there, during rush hours, trains often travel only two to four minutes apart.

Long Island officials have always vehemently opposed these suggestions. They maintain that use of trippers isn't practical on above-ground rapid transit lines. Because of weather conditions and other mechanical problems, they insist trippers would often unnecessarily delay operations.

• **Finances**—There may be another reason, however, for their opposition—finances. Any railroader will tell you that there is little profit in the type of passenger business the Long Island is saddled with. Since 1934 the Long Island has had only three profitable years. Other years it has gone into the red as much as \$6-million. In the 1935-49 period it reported a net deficit of some \$22.6-million, despite gross revenues of around \$539-million. This year there has been some improvement. Nonetheless, operations in the first nine months produced a net deficit of over \$2.2-million.

• **\$60-Million**—Dewey has no illusions about this situation. The Public Service Commission has already told him that a proper reorganization of the system would take at least \$40-million of new capital. And he is more inclined to think that the true amount would probably add up to around \$60-million.

The commission Dewey has set up has been asked to deliver its blueprints within 60 days. But it is a terrific job. Most authorities think the best that can be hoped for in the time is a preliminary report.

• **Ouster Now**—Some county officials don't want to wait for the report before making a management change. They want the heads of the present trustees—David E. Smucker, former Pennsy official who was the road's general manager for a short time, and Hunter L. Delatour, a prominent Brooklyn lawyer and former law partner of the judge who appointed him trustee.

With Dewey's blessings, the county officials have started taking steps that they hope will lead to the removal of both trustees. What they want is the appointment of a trustee "with acknowledged confidence as a railroad operating man—and free of prior association with the Pennsylvania R.R."

• **Claims**—The cost to the road of last week's wreck is, of course, still prob-

lematical. At last count, it had paid out \$1.3-million to settle claims from last February's Rockville Centre disaster. A \$1-million policy with Lloyds of London has helped settle cases, but many claims are still outstanding.

It is the custom of railroads to set aside reserves to satisfy claims arising from accidents. It is questionable, however, whether the Long Island has much left in view of what it has already paid out. And there's no way of knowing just how much outside insurance the road has to supplement its own resources. The most that Smucker will say is that "we are insured to a certain extent."

• **Debts**—Besides this potentially heavy debt, the road is said to owe New York City about \$7-million of back taxes. There is also about \$5-million of back taxes due Long Island municipalities and \$14-million to New York State (the road's share of the cost of grade-crossing eliminations since 1926). Because of these factors and the real scarcity of earnings, it seems too much to hope that trustees will be able to accomplish much in the way of rehabilitating the system.

### FINANCE BRIEFS

The storm in the northeastern U.S. may have done more damage than the \$400-million caused by the 1938 hurricane, says insurance underwriters. After the 1938 blow, stock fire companies alone paid claims of \$10-million. They'll pay a lot more this time, because wind-storm insurance is more popular.

Central Hanover Bank & Trust Co., New York, has declared a stock dividend of one share for each seven outstanding. It will also ask stockholders to change the name to The Hanover Bank.

Package insurance policies for homeowners (BW-Sep. 30 '50, p100) have been broadened by Insurance Co. of North America to provide fire coverage up to \$50,000.

Christmas clubsters in the 529 U.S. mutual savings banks will get \$187-million this year, says the National Assn. of Mutual Savings Banks. That's \$1.8-million more than last year.

Minnesota Mining & Mfg. Co. may soon merge with Carborundum Co., Niagara Falls. Basis of merger may be half a common share of MM&M (equivalent of two shares after the forthcoming four-for-one split) for each common share of Carborundum.

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and still growing. Advertising, influence and reader response are at an all-time high. Judged by the great 100 years just past...and today's favorable circumstances...the next Oregonian Century will be *fabulous!*

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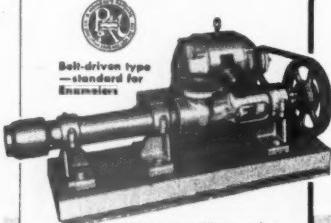
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## Don't Delay on Defense Loans

If you want to borrow U.S. cash, do it now. Forms are out this week, and probable rush for the \$600-million kitty will mean first come, first served. Small loans stand best chance.

You can apply now for a government loan for defense production facilities. The forms are out. But the advice this week is that you had better: (1) apply quickly; (2) cut your loan request to the minimum; and (3) tie your need for the money closely to defense contracts.

• While It Lasts—The Defense Production Act provided \$600-million for defense loans immediately and authorized \$1.4-billion when and if Congress deems it necessary. The National Security Resources Board, which will have the final say on who gets the loans, looks on the \$600-million as a bird in hand; it figures on rough going in flushing the other \$1.4-billion out of the congressional bushes.

This thinking undoubtedly will influence NSRB decisions when it gets recommendations from the four "loan certifying" agencies—the Commerce, Interior, and Agriculture Departments, and the Defense Transportation Administration. These agencies will screen applications from industries in their respective fields and issue certificates for loans, after they have cleared them through NSRB. The certificates will then be cashed by Reconstruction Finance Corp., which makes the actual loans.

• Rush Is On—So far, business interest in government loans has been keen. Commerce and Interior have been getting inquiries for two months, and NSRB had several requests a few hours after it issued its 12-page application forms last week. NSRB officials were certain there soon would be more good loan proposals than money for them. That made it look as if borrowers who came first with the best would be the most likely to get loans.

Several weeks ago NSRB boss W. Stuart Symington made it clear that the amount of a loan request would help decide its outcome. A prospective (but unidentified) application for the entire \$600-million didn't have a chance, he said. The loan looked like a good one, but no project could be "that good." Since then, it's become even more apparent that NSRB wants to spread the initial loan funds as much as possible.

• Terms—NSRB's regulations provide for full loans, participations, and loan guarantees. But officials expect to do little guaranteeing. After all, the Defense Production Act provided for guarantees—"V-loans"—by the Federal Re-

serve Board. NSRB wants to save its money for projects that have no chance of private financing under any conditions.

The law's general terms call for government loans for production and services to help fill defense orders. This has been interpreted by some as qualifying anyone who has prospects of getting his materials or services into defense work. But initial loans probably fitting his materials or services into defense contracts or those definitely in line for them.

• More Involved—Compared with the direct loan program of World War II, the present setup is more complex. Last time RFC set both policy and procedure for government loans, though it generally accepted recommendations of the War Production Board and other war agencies. Now RFC sets only the interest rate (RFC's going rate at the time of each loan).

Symington has won no friends among the certifying agencies with his loan regulations. The ground rules make it appear that Interior, Commerce, Agriculture, and Defense Transportation have the final say. That, however, would be ridiculous, since some agency must set policy, avoid conflicts between loans. But the regulations don't say specifically that NSRB will do the job. And the other agencies think this indicates it wants to duck responsibility for rejecting specific applications.

Also, they don't like the vague terms of the regulations. They'd prefer to have NSRB split the \$600-million pie among them, rather than set quotas after the agencies have passed on their pet projects. That gives the offices much paperwork that may come to nothing.

You can get loan applications from the field offices of any of the certifying agencies, or by writing for them direct to NSRB in Washington. Completed applications should go to the proper certifying agency.

**The Pictures**—Cover by Tran Mawicke. Dick Wolters—20, 102 (top rt.), 103 (top); Charles Rotkin—22, 23; Hans Basken—40; R. G. Zellers—74, 75, 76, 78; Wide World—93, 102; (top left), 118; Harris & Ewing—102 (lower left, rt.) 103 (center); Combine Photos—122.

## BUSINESS IN MOTION

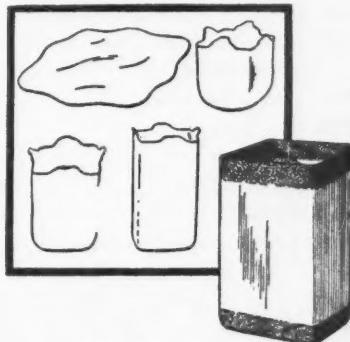
*To our Colleagues in American Business . . .*

The manufacture of a rectangular brass can or shield for a coil would not seem to be a difficult matter. Brass is noted for its easy workability. It can be stamped, drawn, spun, machined, polished, plated, and so on. However, there are a number of brasses containing varying proportions of copper and zinc and sometimes other metals, and Revere furnishes these alloys in various tempers. To take maximum advantage of the goodness of brass, it is essential to specify the metal with due regard to the fabrication processes to which it is to be subjected.

Take the case of these brass cans. They were being produced in ten steps: blanking from strip; draw; anneal; draw; anneal; draw; anneal; sizing draw; trim; tin both ends. This seems to be a simple, easy and conventional method, yet there was a high percentage of rejection due to cracking or tearing of the metal in drawing. There was also an "orange peel" effect, undesirable in appearance, and which sometimes interferes with plating. The chief trouble, however, was tearing.

The Revere Technical Advisory Service was asked to cooperate and obtained complete data on metal specification, annealing time and temperature (1350° F.) and progressive samples. Information and samples were forwarded to Revere Research, which made a thorough study of them, including photo-micrographs to determine the grain size in each of the samples. It was found that the brass strip had too large and irregular a

grain structure, and that the annealing procedure accentuated this condition. It was recommended that strip be specified in 70/30 cartridge brass, with a fairly uniform structure and the proper grain size instead of the size being purchased. Then, two anneals could be dropped, and annealing temperature reduced to 1000° F. for one hour. Conclusion: A better product, increased production at less cost, and lessening of the "earing" seen in the sketch of the original samples.



Two things stand out in this matter. One is the advisability of letting your suppliers know how you intend to fabricate or process the materials you buy, in order that they can work closely with you on specification. The other is that suppliers, no matter what they sell, can and are glad to collaborate with you on fabrication problems. Revere is delighted to give its Research engineers such tasks as described here; so are other good firms, not only in metals, but in other industries such as chemicals, wood, felt, plastics, leather, paper and so on. It will pay you to take advantage of the brains of your suppliers.

Incidentally, the term "grain size" is another way of referring to temper, because annealing and working determine grain size. If you would like to know more about this subject, there is an extended, though non-technical, discussion of it in "Fundamental Characteristics of Revere Metals," which will be sent on request.

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## Locomotive Manufacturer Cuts Weld-Finishing Time 50% with Cleco Sander

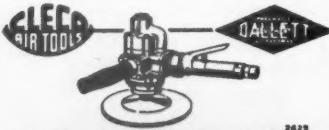
A Diesel locomotive manufacturer was using a heavy, slow-speed sander to finish off light welds. Sanding took 15 minutes and three to four sanding discs were used.

With the Cleco 1480-A High-Speed Pneumatic Sander the job took only seven and one-half minutes, using only one disc.

Operator fatigue was reduced considerably, since the Cleco 1480-A weighs only eight pounds, compared with 14 pounds for the previous tool.

The Cleco Sander quickly paid for itself, increasing profits by reducing time and effort spent.

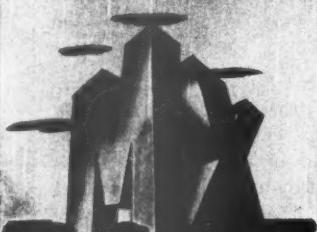
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# THE MARKETS

How 20 stocks reacted to news from Korea

	Good News			Bad News			Total Change**
	Change	Last Week	Last Week's Close	First Day's Close	Second Day's Close		
Admiral	+ 3%	28 1/2	28 1/2	26 1/4	26 1/8	26 1/8	+ 1/8
American Can	+ 1 1/2	100 1/2	97	96 3/4	96 3/4	96 3/4	- 2 1/2
Anaconda Copper	+ 3%	*38 1/2	37	35 1/4	35 1/4	35 1/4	- 2 1/4
Atchison, T. & S. F.	+ 1/2	131 1/8	130 1/8	129	129	129	- 1 1/4
Bethlehem Steel	+ 1/8	46	43 1/8	44 1/4	44 1/4	44 1/4	- 1 1/4
Boeing Airplane	- 1	35	34 1/2	35 1/4	35 1/4	35 1/4	+ 1/2
Chicago, Rock Island	+ 2	*48 1/4	45 1/2	45 1/2	45 1/2	45 1/2	- 1 1/2
Chrysler	+ 7/8	71 1/8	68 1/8	68 1/4	68 1/4	68 1/4	- 3/8
Douglas Aircraft	- 1 1/4	85	82 1/2	83 1/8	83 1/8	83 1/8	- 1 1/8
du Pont	+ 1 1/8	81 1/2	79 1/2	77 3/4	77 3/4	77 3/4	- 2 1/8
Eastern Air Lines	+ 1 1/8	*17	16 1/2	16 1/2	16 1/2	16 1/2	+ 3/4
General Motors	+ 7/8	48 1/4	46 1/4	45 1/4	45 1/4	45 1/4	- 5/8
Gulf Oil	+ 4 1/2	*82 1/4	79 1/4	79	79	79	+ 3/4
IT&T	+ 1	133 1/4	121 1/2	123 1/4	123 1/4	123 1/4	- 1
Monsanto Chemical	+ 1 1/2	*72 1/2	69 1/2	69 1/2	69 1/2	69 1/2	- 1
Pacific Gas & Elec.	..	32	31 1/4	31 1/2	31 1/2	31 1/2	- 3/8
RCA	- 1/4	18	16 1/2	16 1/2	16 1/2	16 1/2	- 1/4
Reynolds Metals	+ 3 1/4	*41 1/2	39 1/2	40 1/2	40 1/2	40 1/2	+ 2 1/2
Standard Oil (N. J.)	+ 2 1/8	*89 1/2	85 1/2	84 1/2	84 1/2	84 1/2	- 2 1/4
U. S. Steel	+ 1/8	40 3/4	38 7/8	39	39	39	- 1 1/4

\* Reached bull market high during week.

\*\* From last week's low.

## Korea Checks Bull Market

International situation continues to cue stock prices. Renewed fear of excess-profits tax has affected many stocks.

The bull market in stocks ran smack into another "Korean break" this week. The change in atmosphere was abrupt.

The break is further proof that price movements these days are tied to the international situation. Last week it looked as if the Korean war might end soon. People were buying stocks.

• Hard Hit—This week, the Korean war situation is threatening. So stocks were being dumped. The traders, as often predicted, were jamming the exits.

The break hit almost every stock group. Naturally, television stocks like RCA and Admiral were pounded. Auto shares like General Motors and Chrysler, steel stocks, like U. S. Steel and Bethlehem, lost ground.

The metals shares, usually market leaders, also dropped at first in the general wave of liquidation. But stocks

like these should benefit most from a war economy; so some rallied very quickly.

The rails were hurt, though this group should do well even under total-war conditions. That's because it is relatively sheltered from an excess-profits tax and because a high proportion of additional revenue from military traffic would come down to earnings.

Even some of the aircraft shares, usually considered war babies, suffered in the downturn. Possibly traders are considering what effect an excess-profits tax might have on this group, whose postwar earnings were far from spectacular.

• Recovery—When traders have time to think things over, the same groups that took the lead in the market reshuffle this summer will probably start

climbing again. Already some show signs of recovery. After all, the same factors that made the rails and metals popular then should be just as compelling in the months to come. The same goes for woolen and cotton shares, coal, and some other groups.

But unless things clear up fast in North Korea, it may take some time for the stock market to absorb the

shock. If the international situation worsens, it may spell curtains for the bull market, for a while at least.

But plenty of Wall Streeters still take a bullish view of the market's long-range prospects. They're confident that low bond yields, the rising cost of living, and the growing importance of institutional investors are still the basic factors supporting common stocks.

## Bonds Creep Up, But Cautiously

Bonds generally haven't done so well as stocks since the current bull move got going 17 months ago.

To be sure, most bonds have made a good recovery from the lows to which they plummeted after the 1946 bull market fell apart. The price sampling below shows that. The recovery has been particularly marked in the less-than-high-grade issues—the type of bonds that generally moves with the stock market's prevailing price trend.

But unlike most stocks, few bonds have come back to levels close to or better than their 1946 highs. And they don't give much promise of climbing to any such peaks.

The reason? Mostly it's caution on the part of institutions, trustees, and other bond buyers. That caution springs, to a large extent, from the current touchy situation in Korea, the fear of inflation, and the Federal Reserve Board's recent agitation for higher short-term interest rates.

All this has been hurting new-issue bonds, as well as their older cousins. Last week well over \$50-million of recent new bond issues were lying unsold on the underwriters' shelves. And it looks as though dealers would have to sell below original offering prices, if they hope to dispose of any sizable block of these bonds.

Moody Rating	(All Prices Are % of Par)				Recent Price vs.	
	1946 High	1946-49 Low	Recent Price	1946 High	1946-49 Low	
AA American Tel. & Tel. 2 1/2%, 1986.....	100.37	85.00	96.12	-4.2%	+13.1%	
AAA Atch., Top. & Santa Fe 4%, 1995.....	141.00	115.25	127.00	-9.9	+10.2	
A Bethlehem Steel 3%, 1979.....	104.25	101.00	104.12	-0.1	+3.1	
AA Chesapeake & Ohio 3 1/2%, 1990.....	107.37	92.00	102.37	-4.7	+11.3	
AAA Commonwealth Edison 3%, 1977.....	110.00	101.00	106.00	-3.6	+5.0	
BAA Crucible Steel 3 1/2%, 1966.....	101.87	88.50	98.62	-3.2	+11.4	
AA Detroit Edison 3%, 1970.....	110.25	100.50	105.25	-4.5	+4.7	
B Erie Railroad income 4 1/2%, 2013.....	103.25	57.00	78.25	-24.2	+37.3	
A Great Northern 2 1/2%, 1982.....	100.62	82.50	93.12	-7.5	+12.9	
B Gulf, Mobile & Ohio income 5%, 2015.....	104.25	60.00	80.50	-22.8	+34.2	
BAA Lehigh Coal & Navigation 3 1/2%, 1970.....	108.00	90.00	96.75	-10.4	+7.5	
A Lorillard Co. 3%, 1963.....	106.25	100.25	102.87	-3.2	+2.6	
BAA Mead Corp. 3%, 1966.....	104.00	98.00	102.50	-1.4	+4.6	
B New York Central 4 1/2%, 2013.....	98.25	52.00	70.25	-28.5	+35.1	
AAA Norfolk & Western 4%, 1990.....	143.00	126.50	127.75	-10.7	+1.0	
BA Northern Pacific 4 1/2%, 2047.....	110.00	72.50	92.00	-16.4	+26.9	
AA Pacific Gas & Electric 3%, 1971.....	110.50	98.50	104.25	-5.7	+5.8	
BAA Pennsylvania R.R. 4 1/2%, 1984.....	135.50	83.50	102.00	-24.7	+22.2	
AA Shell Union Oil 2 1/2%, 1971.....	101.50	91.00	98.25	-3.2	+8.0	
BA Southern Pacific 4 1/2%, 1981.....	110.50	75.00	100.25	-9.3	+33.7	
AAA Standard Oil (N.J.) 2 1/2%, 1971.....	99.75	91.50	96.50	-3.3	+5.5	
AAA Texas Corp. 3%, 1965.....	108.00	103.00	104.75	-3.0	+1.7	
AAA Union Pacific 2 1/2%, 1991.....	99.62	84.12	94.75	-4.9	+12.6	
BAA U.S. Rubber 2 1/2%, 1976.....	101.50	90.00	97.50	-3.9	+8.3	
AA Virginia Electric & Power 2 1/2%, 1975.....	106.50	94.00	101.50	-4.7	+8.0	
AA Virginian Ry. 3%, 1995.....	113.00	92.12	99.00	-12.4	+7.5	
BA Western Union 5%, 1960.....	108.50	72.00	102.50	-5.5	+42.4	
AA Westinghouse Elec. 2 1/2%, 1971.....	102.00	96.37	100.50	-1.5	+4.3	
BAA Wheeling Steel 3 1/2%, 1970.....	108.00	93.50	103.50	-4.2	+10.7	
AA Wisconsin Public Serv. 3 1/2%, 1971.....	110.00	103.00	105.62	-4.0	+2.5	
<b>Dow-Jones Bond Averages</b>						
Higher-Grade Rails.....	119.72	100.55	106.41	-11.1	+5.8	
Second-Grade Rails.....	103.04	81.98	96.50	-6.3	+17.7	
Utilities.....	110.30	100.87	104.14	-5.6	+3.2	
Industrials.....	106.58	99.34	101.92	-4.4	+2.6	

Well, what would you do with the \$500... or \$1,500... or \$5,000?

THAT doesn't sound like too much of a problem, does it?

But suppose it was money you didn't really need. Suppose you had all the insurance you wanted and enough cash in the bank for emergencies. Then what would you do with the money?

Oh, you could take a trip or buy a car, all right. Spending it would be easy.

But maybe you wouldn't want to. Maybe you'd rather put that extra money to work. Put it where it had a good chance to grow. Where it might bring you a 5% or 6% return year after year.

If you'd like to do something like that with your money, we think you should consider investing in common stocks.

Right now, for example, 900 of the 1,024 common stocks listed on the New York Stock Exchange pay dividends. Dividends that average about 7% of their purchase price. That's pretty much the story ever since 1940, too. Because the ten year average stands at a little over 8 out of 10 stocks, paying dividends of 6.3%.

Still, dividends aren't everything.

Just as in any other form of investing, there is risk in owning common stocks. The risk that the price may fall after you buy.

But if you stick to sound stocks in sound companies, the chances are that over the years you'll find them selling at higher prices more often than lower ones.

Of course, if you've never invested before, there are lots of other things you may want to know about the risks and rewards in owning common stocks.

That's why we prepared a pamphlet that answers many of the most common questions about our business. It explains just what stocks and bonds are, and the difference between them. It tells you what stocks are worth, just how they're traded, and why prices change. It describes what a Stock Exchange is and just what it does. There's a separate section on how to buy and sell securities, on how to open an account, what services to expect from your broker, and what commissions you pay.

If you'd like this primer—in plain English—on investing, just ask for "What Everybody Ought to Know . . . About This Stock and Bond Business." There's no charge. Just write to—

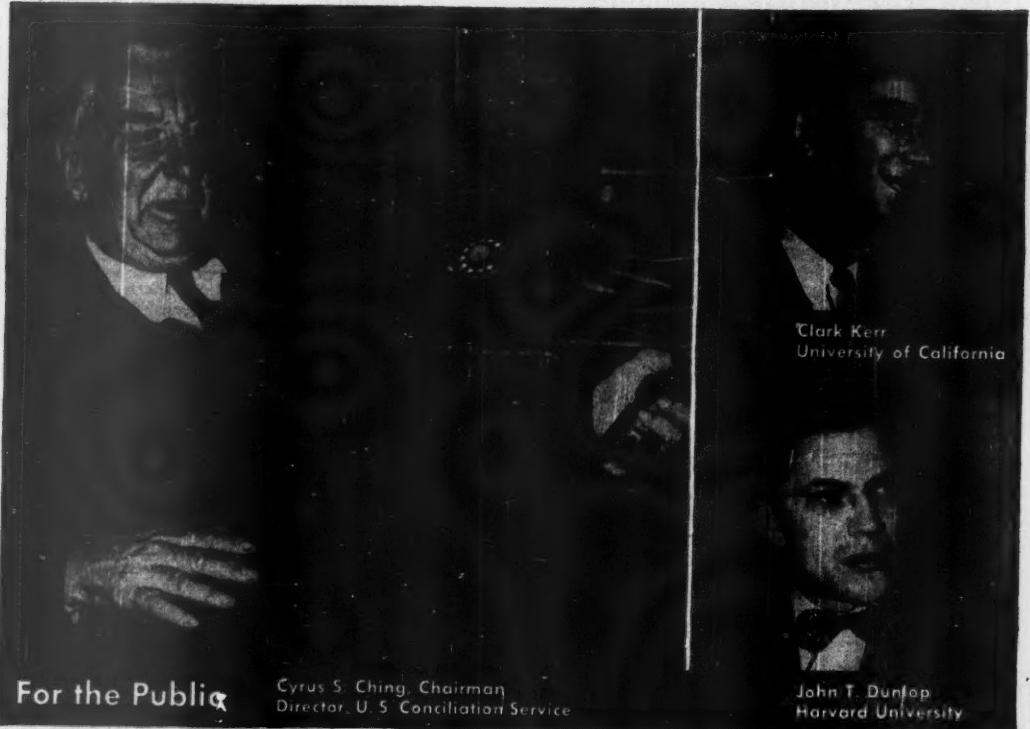
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Economist, Swift & Co.

## Wage Stabilization Board Lined Up— to

Trying to get a line on what government wage policy is going to be in a semicontrrolled economy is one of the least fruitful pursuits in Washington these days.

Companies that maintain offices in the Capital have been badgering their representatives for information. Consulting firms professing to have good

Washington sources have been deluged with queries. The sum total that all the scratching for facts has produced is a large round cipher.

• **WSB at Standby**—Truman named a Wage Stabilization Board this week, but it didn't do much to clear the air. The board found itself operating under a directive so vague as to be meaning-

less. It's generally agreed that the board is made up of a better-than-average group of men. But its only assignment is to make recommendations to Economic Stabilization Administrator Alan Valentine "regarding the planning and development of wage stabilization policies."

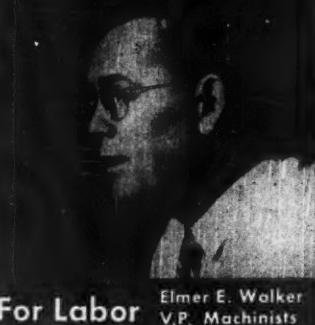
Until Valentine or someone else



Emil Rieve  
President, Textile Workers, CIO



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President, Bricklayers, AFL



For Labor  
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Ideal climate means better working—better living. Less absenteeism from sickness. More accuracy with long hours of daylight. No weather shutdowns. Year 'round outdoor recreation. Average mean temperature 69.1. Average annual rainfall 27.05. Low average humidity. 266 days of sunshine each year makes living a joy.



A city of homes and culture. Short minutes take you to spacious residential areas with sweeping green lawns fringed with flowers. Numerous schools and colleges. Highly-rated Symphony Orchestra, operas, concerts, plays, art schools and galleries, museums. Over 2,000 acres of Parks and Plazas for sports and play.

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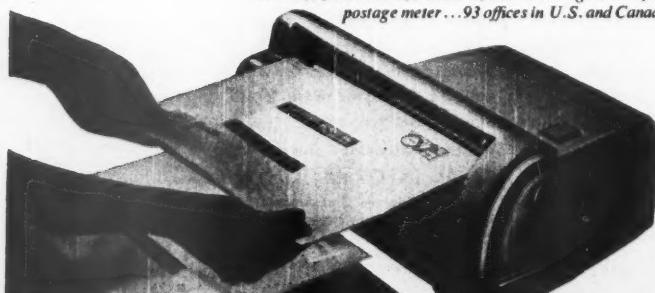
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is the enigma of a "no-strike" pledge from labor. Wage regulation of almost any sort is unthinkable if unions feel free to strike. Such a situation, at best, would require employers to enforce wage rulings by sitting out strikes until the union threw in the sponge. The cost, productionwise, of such an experiment would be staggering.

Shortly after American troops were despatched to fight in Korea, William Green of the AFL told Truman that labor had a "no-strike" pledge to give just as soon as the President wanted it. At that time, no important labor leader dissented from Green, but Truman expressed no interest in the AFL president's offer.

Since then, as the Korean emergency became less dramatic by becoming chronic, first John L. Lewis, then a string of other top unionists, disassociated themselves from Green's proposal. Today it is unlikely that Green could even deliver a majority of AFL affiliates for a "no-strike" pledge, let alone a unanimous labor movement. Getting the unions to abandon the strike as a wage-raising implement would require either general, all-out price controls or involvement in total war.

• **Politics**—The reason everything is so far up in the air is simple. No one in authority is really interested in wage problems—yet.

President Truman's concern with labor matters is, as it always has been, votes. He wants more enthusiastic and effective labor support in his imminent battles with the new Congress. He wants unstinting effort from the unions in the 1952 election. To ask his labor friends to put a bridle on their wage ambitions is patently impolitic. He has left the subject of federal wage controls strictly alone.

John Steelman, the man in the White House who might be expected to carry the ball for the President on this particularly hot gridiron, isn't having any of it, either. Although his labor contacts are one of his most important inventories, and his experience as acting chairman (before Symington) of the National Security Resources Board qualifies him to introduce the subject, he prefers to leave the prickly wage question for his successors in NSRB to settle.

• **Not for NSRB**—Symington declines the nomination. He conceives his principal problems to be production, allocation, and public education. His critics will add that he's also preoccupied with succeeding Gen. Marshall as Defense Secretary—an ambition that would not be furthered by taking responsibility for pushing unwelcome regulations on politically potent people. But the case for Symington is that he hasn't evaded responsibility, he has merely delegated it—to Alan Valentine,



## "Look, Mummie, the man with the gas is here!"

The "a-la-cart" delivery of bottled gas for use in homes beyond the city's mains is big business today. In the past year more than 7000 million pounds—1650 million gallons—of LPG (liquefied petroleum gas) were delivered for domestic consumption. An almost equal amount was used by industry and public utilities. The production and marketing of LPG is probably the fastest-growing branch of the oil and gas industry.

Most of the steel bottles in which LP-gas is distributed for home use hold 100 lbs. of gas. When made of ordinary steel they weigh 100 lbs., empty. To reduce this load as much as possible without reducing the

strength and ruggedness required in the bottles, many manufacturers now make them of high-strength U-S-S MAN-TEN Steel which cuts bottle weight to 70 lbs.

Though 30 lbs. lighter, these MAN-TEN bottles are actually stronger and more rugged—far better able to withstand the constant rough handling they must absorb in loading, transportation and unloading.

This application of U-S-S MAN-TEN illustrates the benefits obtainable with U-S-S High Strength Steels. With these famous "steels that do more" you can reduce the weight of *all* types of equipment—and you can do it at practically no

increase in cost over that of heavier carbon steel construction. It's a fact. . . .

Remember, every pound of weight you can save in your product means fewer pounds of metal to buy . . . fewer pounds to move . . . fewer pounds to ship. That means savings all along the line.

What's more, by saving weight with these stronger, tougher more durable steels you save steel as well—you get more product units out of the steel you use—your steel supply goes further. That's important any time. It's especially important now with steel shortages becoming more critical every day.

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• Pondering—Thus no one in the line of authority above WSB has suggested any concrete projects for it to tackle. Eventually, given a frame of reality in which to operate, it can come up with policy proposals. It might actually administer whatever wage controls are ultimately adopted. In the meantime, all it can do is ponder. There is plenty to ponder:

### I. Wage Complexities

First of all, there is the imminent wage and price increase in steel. Big Steel has said that an increase of 15¢ an hour for steelworkers will necessitate a \$10-a-ton increase in price.

Two developments flow inexorably from that:

(1) The steel union will have established a new wage level for mass production employees; other unions will not easily be deterred from equaling or surpassing their gain.

(2) Within a matter of months the rise in steel prices will be reflected in bigger price tags for consumer goods; unions will be pushed to make up their real-wage losses resulting from a rising cost of living.

• C-of-L Contracts—Another thing worth pondering is the General Motors automatic wage-adjustment formula, now copied widely and covering over a million production workers. Can it be set aside without playing havoc with labor relations in vital industries? Can it be incorporated into a stabilization program without wage rates getting out of hand? Less than a month ago, prevailing opinion was that one dared not disturb these contracts. Now the Washington idea is that flexible cost-of-living wage formulas and productivity wage boosts are incompatible with stabilization. But remember that wage thinking in Washington is still nothing more than blue-sky stuff.

### II. The Last War's Experience

If only for a point of reference, what happened last time wages were controlled is worth recalling. The War Labor Board cross-fertilized the Little

Steel formula with a concept of correcting wage inequities. The growth of industry wage distortions that resulted pleased nobody. It did, however, achieve notable success in getting workers where they were needed and in keeping strikes from seriously interfering with war production.

Whether the same policy could have continued to be a useful device if the war went on another year is anybody's guess. We can only be grateful that we did not have to put it to such a test. Last time, we were at war a year before the economic situation made wage control necessary; by the time we embarked on wage control, labor had worn out its right to strike.

• Form 10—Last time, too, the war was a real and intimate thing to the general population before we had to institute control over salaries and overtime wages for the unorganized and white-collar workers. To grant individual increases, employers had to execute the famous Form 10, and a whole bureaucracy had to be established in order to deal with the forms. Government isn't organized today to handle such a job; and no one would seriously consider telling the unions to give up their wage drives while unorganized workers and salaried employees had their income unregulated.

### III. How Soon Policy?

Assuming that what is now happening in Korea is not cataclysmic enough to throw us overnight into improvised full controls covering every facet of the economy—how soon can some wage policy be expected? No one can say for sure. But here again, as so many times before, large decisions may hinge on personal factors. Something like the following completely imaginary dialogue might be occurring in the Oval Room of the White House some day next March:

**Truman:** Steelman just called to say that Lewis is serving a 30-day notice on the coal operators tomorrow that he wants a new contract and a wage increase.

**Symington:** We heard that, too. Lewis has a right to do it under his contract.

**Truman:** Well, what's being done about it?

**Symington:** Why, nothing. You approved our policy not to interfere with collective bargaining.

**Truman:** We're changing that policy right now.

**Symington:** Yes, Mr. President.

**Truman:** What we need are wage controls.

**Symington:** Yes, Mr. President.

**Truman:** I want them issued by tonight.

**Symington:** Yes, Mr. President.

## Taxfree Pensions

For tax purposes, employer may deduct contributions to a trusted plan written into union contracts, BIR rules.

The Bureau of Internal Revenue has just issued a ruling that should quiet the fears of a lot of employers.

For the first time, they can be sure that trusted pension plans written into union contracts will get the bureau's O.K. That means employer contributions will be fully deductible from income as business expenses.

For a long time, the deductibility of such contributions was in doubt. Employers, of course, have been claiming the deductions, but they have always been afraid that the bureau would disallow them later, when the agents got around to auditing returns.

The Internal Revenue Code grants such deductions only to plans that meet (among others) these two requirements:

(1) The plan must be permanent—not just a scheme to take care of some favored employees and then dropped.

(2) Benefits must be definitely—and actuarially—determined from the payments.

• Question No. 1—One trouble has been that negotiated pension plans are creatures of union contracts; presumably, they exist only for the life of the contract. These plans can be terminated any time the union and employer decide to—for example, when the union thinks it would rather have the benefits in the form of wage increases.

Does such a plan meet the bureau's requirement of permanence?

• Question No. 2—That's not the only question. Unions and employers frequently agree on contributions that have no real relation to the benefits promised; the payments are geared to current labor and price situations rather than to the amount of money needed to pay benefits when benefits fall due. (That's why the mineworker's fund went broke.) So the tax code tends to disallow deductions from plans that promise specific benefits.

Does this mean that otherwise-solvent pension plans run afoul of the second bureau requirement if they specify the size of the benefits?

• Case in Point—The "M" company, for example, has signed a contract with a union; the contract calls for a trusted pension plan to provide \$100 a month for all hourly workers when they reach 65. The plan is to remain unchanged for the life of the contract—five years; it is to be financed by company contributions equal to a percentage of employee wages. The company

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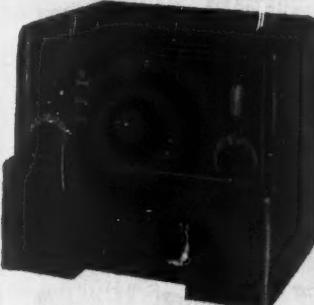
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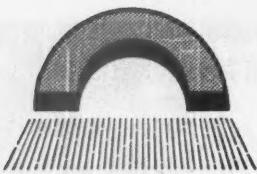
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files actuarial evidence that its contributions will more than pay for benefits.

The "M" company, like thousands of others, was on the spot. On the one hand, it faced pressure from the unions for extra compensation in the form of pensions. But on the other hand, it couldn't be sure that it could treat this extra compensation as a cost for tax purposes.

• **BIR's Problem**—BIR has been besieged with requests for clarification. The bureau, however, had its problem, too—applying a law written years ago to a new and puzzling situation.

So it set its experts to work. It wanted to meet the requirements of the code and still permit employers to agree to standard pension demands.

• **The Answer**—Here's the official ruling the experts came up with:

**On Permanence:** A contract between a company and a union may terminate at the end of a given period—but that doesn't mean the pension plan has to end, too. If the plan is intended to be a continuing and permanent program at the time the contract is signed (that is, if the system has characteristics of permanence), BIR is satisfied. Even if the "M" company's plan were written into a one-year contract, it would still be acceptable.

**On Actuarial Determination:** The important thing to BIR is whether the plan is actuarially sound—not how the benefits are determined. If the employer can show that his contributions will finance the benefits, then the fact that "M" company has promised a specific pension benefit doesn't bar tax deductions.

## What's Happening to the Cost of Living

	Total Cost of Living	Food	Clothing	Rent & Heat	Other	House
				Electricity	Fuels	Furnishings
October, 1941 ..	109.3	111.6	112.6	107.5	96.7	111.1
October, 1942 ..	119.0	129.6	125.9	108.0	96.7	115.5
October, 1943 ..	124.4	138.2	133.3	108.0	95.9	119.3
October, 1944 ..	126.5	136.4	141.9	108.2	95.8	123.5
October, 1945 ..	128.9	139.3	148.5	108.3	94.8	125.7
October, 1946 ..	148.6	180.0	168.1	108.8	91.6	136.6
October, 1947 ..	163.8	201.6	189.0	114.9	92.2	157.4
October, 1948 ..	173.6	211.5	201.6	118.7	95.4	191.4
October, 1949 ..	168.5	200.6	186.8	121.5	97.0	188.3
November .....	168.6	200.8	186.3	122.0	97.0	190.0
December .....	167.5	197.3	185.8	122.2	97.2	191.6
January, 1950 ..	166.9	196.0	185.0	122.6	96.7	193.1
February .....	166.5	194.8	184.8	122.8	97.1	193.2
March .....	167.0	196.0	185.0	122.9	97.1	194.4
April .....	167.3	196.6	185.1	123.1	97.2	195.6
May .....	168.6	200.3	185.1	123.5	97.1	189.1
June .....	170.2	204.6	185.0	123.9	97.0	189.4
July .....	172.5	210.0	184.7	124.3	97.0	190.9
August .....	173.0	209.0	185.9	124.6	97.0	194.4
September .....	173.8	208.5	190.5	124.8	97.0	196.3
October, 1950* ..	174.8	209.0	193.4	125.0	96.8	199.4
					150.3	199.8
					159.5	

\* Ice grouped with "other fuels" prior to 1948.

• BLS officially estimates the over-all October c-of-l index is 1.3 points too low and the rent index is 7.1 points too low. The error has been accumulating since 1940. The reason is that the BLS index hasn't been reflecting the higher level of rents charged for new dwellings.

Data: U. S. Bureau of Labor Statistics.

## Rent-Adjustment Figure Poses New Problem

The Bureau of Labor Statistics' cost-of-living index set a new high of 174.8 in mid-October—topping by 0.3 the previous 174.5 high in September, 1948. But that isn't the whole story in BLS' new c-of-l report. An official rent correction figure appears for the first time. BLS says a 1.3-point upward adjustment in the c-of-l figure is necessary to offset a 10-year "downward bias" in rent estimates.

For General Motors and other com-

panies having rent-adjustment arrangements with their unions, this means—for practical purposes—a 176.1 index. GM accepted that figure in upping hourly pay 3¢ for 375,000 employees.

For companies that have no such rent-adjustment agreement with unions, it poses a new problem. Be sure that unions will now point out that BLS says its index is 1.3 points too low. They'll want wage revisions on the basis of the higher BLS figure.

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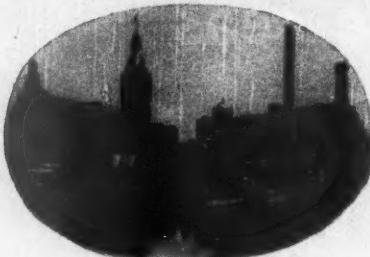
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## CIO Crossroads

Organization must decide whether to continue working with Democrats or to operate as an independent force in politics.

CIO has an important political decision that it has to make in the next few months.

Should CIO continue to work with, and in, the Democratic Party? Or should it give in to some of its chief policymakers who would like CIO—and all the rest of labor—to be politically independent?

There was very little discussion from the platform on this issue at CIO's annual convention in Chicago last week. But it was an important topic in convention-hall corridors and hotel rooms. And there appeared to be a lot of agreement that CIO should quit tying itself to the Democratic Party.

• **No Labor Party**—That wouldn't mean creation of an out-and-out Labor Party. The long-time advocates of a third party, mostly from the United Auto Workers, no longer talked of one. Indeed, some of them consistently referred to the Democratic Party as "our party."

What is indicated is the formation of a strong balance-of-power voting bloc—one able to help either Democrats or Republicans to win. The idea is that if labor can mobilize, and hold, that much voting strength, it will be wooed by both major parties. Both will bid for labor's aid by naming "acceptable" candidates.

Ostensibly, this is the way CIO and AFL political arms already are supposed to work. They're set up to back "friendly" candidates, regardless of party. But almost all "friends" backed so far have been Democrats.

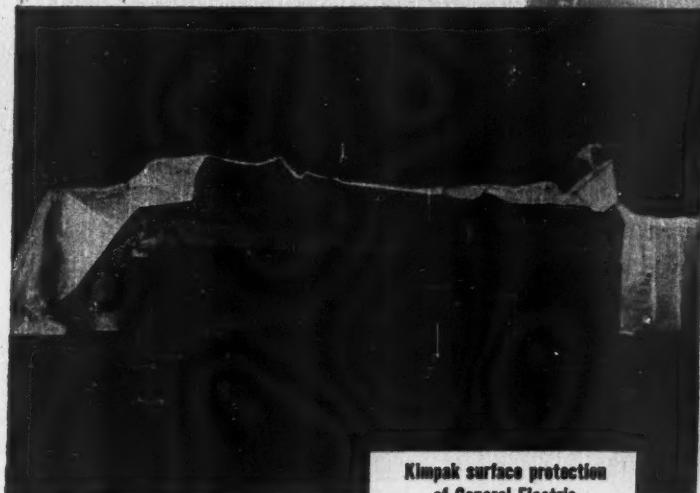
• **A Further Step**—Some in CIO would go further—name "independent" candidates for office where neither Democrats or Republicans propose an acceptable candidate. They emphasize this wouldn't be a "third-party move" but only sponsored independent candidacy.

Could that be a step toward a third party? Proponents of independent action in CIO only answer: "A formal third party is hard to form and get on the ballot in most states."

• **AFL Must Help**—A decision on more independent and bipartisan action can't be made by CIO alone. AFL, independent unions, and the politically potent railroad brotherhoods would have to follow the same course, or it would lead nowhere.

Significantly, while CIO had a lot to say about politics from the convention

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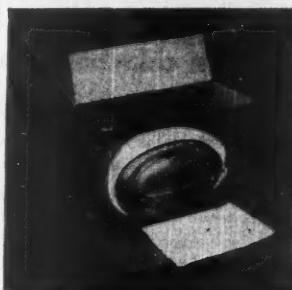
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platform last week, it deferred strategy talks. Planning will begin after Jan. 1. Before that, CIO plans further discussions with AFL on "continuing cooperative joint activities" in political action.

Right now, this much is certain: Regardless of the technique used, CIO's political action will continue. Before the convention, some top leaders urged that CIO lighten its emphasis on politics. They were outvoted. And CIO President Philip Murray reported to delegates later on CIO political action: "We're going to continue our fight for the enactment of our whole liberal program by Congress and for repeal of the Taft-Hartley Act."

The next big date for that is 1952.

## LABOR BRIEFS

Contempt indictments have been brought against seven officers and members of the United Electrical Workers (ex-CIO)—including Julius Emspak, UE secretary-treasurer, and James Matles, organizing director. Indictments charge a refusal to answer House committee questions about pro-Communist activities.

Job bias is barred in Gary, Ind., by an ordinance passed by the city council.

A 9% wage boost (averaging 14¢ an hour) is in effect this week for 11,800 hourly paid employees in New York Navy yards.

Building-service strike in Atlanta has given NLRB's regional office there a new headache. The building where NLRB rents space is picketed. Union people won't cross the lines. So NLRB has to rent hotel rooms or go to union offices when it has business with labor.

A no-union vote (445-203) among employees of Piasecki Helicopter Corp., Morton, Pa., rejected the United Auto Workers (CIO) as bargaining agent.

Picketing is illegal when a union that excludes barmaids as members pickets a bar to force it to hire only men. A Buffalo (N. Y.) court this week enjoined picketing unless the AFL union admits the bar's barmaids as full members or lets them work with an exempt status under a contract.

Women drivers are back at the wheels of some Salt Lake City buses—another sign of the growing manpower pinch.

CIO's southern drive has perked up a little. Director John Riffe reported 42 election wins between Sept. 15 and Nov. 15.



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# INTERNATIONAL OUTLOOK

BUSINESS WEEK

DECEMBER 2, 1950

1  
SERVICE

## Is Stalin pressing for a new Munich?

More and more it looks that way. In fact, a U. S.-Russian showdown is almost certain by next spring.

Meanwhile, the war with Communist China probably will keep going. But it still looks as though it will remain localized—even if General MacArthur starts bombing Manchuria.

Korea has been a political war from the start. Only an over-all political settlement with Stalin—or U. S. victory in a world war—will end it, or others like it.

## Stalin's big goals now are control of Germany and Japan.

If the U. S. would hand over these two, we could buy peace—for a while.

But we'd be giving Stalin control of the whole world outside this hemisphere—plus highly important production facilities. And we won't fall for such a deal, of course.

But Stalin's strategy takes that into account, too. Even without a Munich or a Class A war, he can (1) tie down our manpower in the Far East, and (2) get Europe so jittery that it would continually be tempted to back out of the Atlantic Pact into "neutrality."

Don't look for much to come out of the Big Three meeting in Paris next week. Even if the Western diplomats decide to try for preliminary talks with Moscow, they will really be stalling for time.

The only way for the U. S. to meet Stalin's threat immediately is to mobilize in a hurry.

It may be necessary, too, to beef up Britain's strength right away—help the British to rearm and build their food stocks.

As for the Continent, there's likely to be more emphasis on strengthening Yugoslavia, Greece, and Turkey.

U. S. aid for these three countries, especially if they form a military bloc, might pay off better in the short run than aid for France.

## The U. S. and Britain are now closing ranks over Korea.

London and Washington had drifted dangerously apart: Last week Britons were sure the Chinese Communists would agree to a buffer zone; the U. S. preferred to push on to the Manchurian border.

Now that Peiping has given its answer, all British parties agree that Anglo-American unity is the important thing. You can see that in Foreign Minister Bevin's hearty defense of MacArthur this week.

## The U. S. won't get more than half-hearted French support in the U. N.

Most French leaders think that MacArthur's offensive—on the eve of negotiations with Peiping—was poor timing. They were primed for a settlement on almost any terms.

This week's cabinet troubles—a surprise vote of censure against Defense Minister Jules Moch—will give French diplomats a handy pretext to be cautious of any U. S. moves. In the end, though, the French will string along with us as long as there's no danger of an early war with Russia.

## Should war with Russia appear imminent—count France out.

Every Frenchman has this agonizing fact in his mind: Only military police and a thin line of troops separate Paris and the Elbe.

French leaders would do anything—even torpedo the Atlantic Pact and

# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK  
DECEMBER 2, 1950

make a neutrality deal—to keep invasion armies out of France. And the French people—almost to a man—would support them.

## Schumacher's Social Democrats have done it again in Germany.

Last week, the Socialists defeated Chancellor Adenauer's candidates in the Hesse and Wurttemberg-Baden state elections. This week, they whipped Adenauer in usually conservative Bavaria. Their platform: no rearmament now.

The Socialist swing puts Adenauer's government on the spot. New elections are sure to come—unless U. S. High Commissioner McCloy can quiet down the rampaging Socialists. Meantime, there are indications that Schumacher might accept a compromise on rearmament.

## Washington isn't too worried about Schumacher's victories.

The State Dept. figures that he is gunning for a general election next spring—that the anti-rearmament talk is partly campaign oratory. State feels that the West Germans, including the Socialists, will accept rearmament once Western strength in Europe shows an increase.

## The political upset in Germany has given France's Pleven Plan a shot in the arm.

That's the scheme for a West-European army, with slow mobilization of small German units, all under a European defense ministry (BW-Nov. 4'50, p137).

Noting the Socialist triumphs in Germany, French officials reason:

The German people have pretty well vetoed rearmament now, except on terms France can't accept—complete sovereignty for Bonn and a rebirth of German militarism. That leaves a supranational framework for rearmament—the Pleven Plan—the only alternative.

Paris thinks that strong French-American pressure could force the Germans to accept. Such pressure is forcing the Schuman Plan through (page 117).

## The U. S. wants a new Allied statement on Germany soon.

Washington would end most controls over the Bonn government. That includes ending the state of war that still exists between the Allies and West Germany.

Bonn's responsibility would increase. For example, the Germans wouldn't be able to call on the U.S. to bail them out of financial troubles of their own making.

Meantime, U. S. troops in Germany would be bolstered.

## Rearmament is beginning to gum up the British economy.

Shortages of sulphur, brass, alloy steel, copper—to name a few—are hampering production.

The number of workers needed for arms jobs is nearly double the 250,000 estimate made in September.

London is reaching for controls to ease the pressure. Already the government is consulting manufacturers on restoring allocations. And broad price controls are in the works—to guarantee labor voters that the government is doing its best to slow down living costs.

# BUSINESS ABROAD

## West Europe O.K.'s Schuman Plan Draft

- Timetable now calls for signing of coal-steel treaty this month, ratification by February, operation of the plan by June.
- West Germany's legislature could upset schedule, though. It still doesn't like some French proposals.
- At best, full operation of the plan is still three years off, possibly more. Effects, in the main, will be slow moving.
- As it stands, pact sets up high authority with full powers over coal-steel output, prices, and labor.

PARIS—European negotiators this week agreed on the draft treaty for the Schuman Plan to pool the coal and steel of France, West Germany, Italy, and the Benelux countries.

Sometime this month, the treaty will be signed—provided the brewing crisis in the French cabinet doesn't bog down the negotiations. By February, 1951, if all goes according to schedule, it will be ratified by the member governments. Before June, the pool machinery is supposed to be in place.

Thus within six months, Western Europe should have abolished tariffs and quotas and moved toward the first single market for coal and steel in its history.

• **Rearmament**—There is more to the treaty agreement, however, than an end to economic restrictions. West Germany's participation in the pact clears a big hurdle from the path of German rearmament. For the French National Assembly has insisted that Germany join the coal-steel pool before it is allowed to start raising an army (BW—Nov. 4'50, p137).

There is also a good chance now that the pool idea will spread to other industries. Railroads seem likely to be next. And negotiations for pooling basic agriculture and metalworking industries are already well-advanced.

• **Obstacles**—All this, however, doesn't mean that the Schuman Plan in its final form will be here tomorrow. When the treaty comes up for ratification, Germany, for one, may well balk at many of the provisions. Bonn is feeling its oats these days, thanks to its key strategic position in Western Europe. In the months ahead, it may well stiffen its resistance to some of the major, French-sponsored points in the treaty.

Even when the pact is ratified, there will be a long transitional period before it operates fully. The Germans are talking of six or seven years; the French

are talking in terms of three or four.

• **What They Make It**—There is this to remember, too. The Schuman Plan treaty is merely an instrument; it can turn out to be just what its signers make it. Right now, it's a batch of general principles and a tremendously detailed plan of organization. But in use, it can be a beauty or a beast for Europe. It can bring competition to an economy long stifled by protectionist, nationalist barriers. Or it can develop into a restrictive, neutrality-minded cartel, trying to recreate the old Europe that collapsed in 1939.

• **Shaping Forces**—There are a lot of factors that will have much to do with how the pool develops:

• U.S. foreign policy. The Germans probably wouldn't have agreed to the treaty if it hadn't been for vigorous U.S. prodding. What's needed now is continued U.S. pressure on the pool members to move them toward a really competitive market.

• The high authority. The governing body of the pool—the high authority—has emerged in the draft treaty with sweeping powers over the member nations' steel and coal industries. It has even more power than was outlined in the original Schuman proposal (BW—Jul. 22'50, p105).

This makes selection of the authority's members a vital concern. Imaginative and disinterested men would be able to show Western Europe's economy in the direction of a competitive, expanding economy. Simultaneously, they could fan popular enthusiasm for a full-dress European federation. But stooges for special interests could use the high authority as a brake to stall economic progress indefinitely.

• World market conditions. There can't be any real competition in West Europe's coal and steel industries as long as the present rearmament boom lasts. French, German, Belgian steel mills have more orders than they can

fill in the foreseeable future. This will cushion the shock of a unified market under the pool. But if the boom goes on very long, it can weaken the creative role of the pool by depriving it of any real economic justification.

• Other pools. If the pool pattern doesn't catch on in other industries, it will bog down in coal and steel. Other industries that remain strait-jacketed will be disrupted by a single market in coal and steel.

• **Hard Job**—Making the plan succeed in the light of these five factors will be no easy job. Everyone remotely interested in the Schuman Plan has been plagued by doubts, suspicions, and reservations since it was announced last May.

Industrialists fear the pool may lead to more socialism by putting the steel and coal industries under a government-sponsored bureaucracy. The Socialists, on the other hand, figure that the pool will mean denationalization, boosting Western Europe capitalism.

Employers fear the pool will weaken their bargaining power with labor. And labor is afraid that the pool will lead to unemployment, shutdowns of marginal industries, and low wages due to invasions of unemployed from other countries in the pool.

• **Giant or Weakling**—Some U.S. steel men think the pool—which will control 50-million tons of steel each year—will become a powerful international cartel, practicing ruthless dumping tactics around the world. Against this, European steel men fear the pool will open the door for domination of West Europe's industry by American capital.

U.S. leaders in Europe are worried that the pool is a neutralist scheme, aimed at keeping Western Europe out of the East-West struggle. And the Communists denounce the pool as an American imperialist device to wage war against peace-loving Russia.

• **Miracle**—It seems a major miracle that the draft treaty was hammered out at all in the face of all these apprehensions. Credit goes to the enthusiasm of the French, U.S. pressure on the Germans—and to Korea. Europe's post-Korea business boom eased the fear of competition among the pool members; German, French, and Belgian steel mills today have all the orders they can handle.

### I. A Power-Packed Authority

Here's a brief summary of what the Schuman Plan draft treaty looks like: The high authority is the kingpin of

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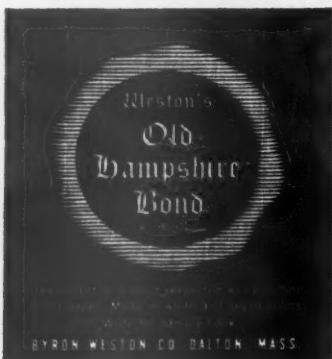
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the pool mechanism. It will have five to seven members, chosen collectively by the governments from a common list. The authority will have wide power to regulate production, prices, investment, research, modernization, tariff and trade policies, and the wage and labor policies of the coal and steel industries.

• **Output and Prices**—On production, the authority will conduct continuing market forecasts; these will be used as the basis for recommended production programs. It will try to avoid indirectly the extremes of the business cycle by setting price limits and influencing government export and import policies. But, if need be, it can impose production and distribution programs, after consultation with the member governments. Governments would be bound by the treaty to carry out high-authority decisions.

On prices, the authority is pledged to guard against discriminatory pricing, and to encourage the lowest prices consistent with market conditions. It will control prices indirectly as far as possible by influencing government action and through its investment and production program. But it will have the power to fix maximum or minimum prices when it thinks it necessary. Also the authority will attempt to equalize prices during the transition period of the pool, giving subsidies to high-cost producers from low-cost producers.

• **Investment and Labor**—The authority will have the right to examine all major investment projects within the coal and steel industries in the light of the needs of the economy as a whole. Approved investments will get loans or grants.

Funds will come from levies on coal and steel production.

As for labor, the authority will set up a readaptation fund to aid workers who may be unemployed as a result of the creation of the pool. The fund will help find them new jobs, finance migration and re-education. Attempts will also be made to boost labor mobility in the pool area; special work cards will be issued to permit workers to migrate across national frontiers.

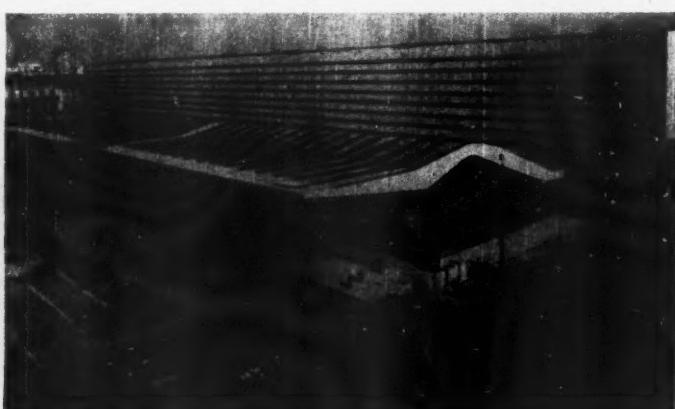
Finally, the high authority will act as the member nations' agent in making commercial deals with non-Schuman Plan countries. That means harmonizing tariffs at the frontiers of the European market.

## II. Interlocking Agencies

In addition to the high authority, the treaty also creates a number of other organs. There's a consultative committee, regional producers' associations, the common assembly, the council of ministers, and a court of justice.

The consultative committee will consist of producers, consumers, and international labor groups. The regional producers' groups will act as a link between the high authority and industry back home. The common assembly will have delegates elected from the parliaments of the member countries, meeting once a year to examine the annual report of the high authority. The assembly can force a group resignation of the high authority by a majority vote.

The council of ministers will be made up of one government minister from each member nation. It will keep



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in 1938; but World War II interrupted, and the work has just recently been finished. A total of 440 trains, 120,000 passengers use the 27-track terminal each day.

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the governments informed on high authority doings.

The court of justice will see to it that actions of the high authority conform with the terms of the treaty. The court can annul actions, and it can force the authority to act.

**Tariffs**—The treaty also calls for final and complete abolition of all tariffs and freight differentials for coal and steel products within the pool area. All purchasers are to have equal access, on equal terms, to coal, steel, iron ore, manganese, and scrap.

**Benefits**—It's hard to predict what immediate impact the pool will have on Western Europe's economy. Increased specialization of production of finished steels is likely to be a slow process. The chief short-range benefits will come from a more active intra-European trade in coal, coke, and iron ore. And the biggest potential economies will probably stem from replacement of high-cost Belgian and French coal with expanded, low-cost Ruhr production. This will go hand in hand with a switch from Germany's high-cost iron ore to cheaper French ore.



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## French Farmalls

International Harvester starts tractor production at Saint Dizier. Drive to build up to self-sufficient industry is on.

PARIS—International Harvester Co. is shouldering into the French tractor market in a big way. Shiny, red Farmalls—the first U. S. tractors to be made in France—have begun to roll off the new assembly line of Compagnie Internationale des Machines Agricoles, I-H's French subsidiary.

CIMA's brand-new plant at Saint Dizier (BW—Feb. 25' 50, p.129), about 120 miles east of Paris, is turning out just a trickle of tractors now. But by 1954, the company's target year, output will have jumped tenfold—to 7,500 machines annually. That will make CIMA France's second-largest tractor producer, right behind Regie Renault. And French planners hope it will make their country entirely self-sufficient as far as tractors are concerned.

Right now, 80% of the parts used at Saint Dizier come from Harvester plants in the U. S., the rest from the company's two parts factories in France. But by 1954, the French suppliers will be turning out enough parts to make imports from the U. S. unnecessary.

• Help for I-H—I-H has had lots of help in setting up the Saint Dizier plant and modernizing the parts plants. French banks and the government's Modernization & Equipment Fund have kicked in \$5.6-million. ECA has come through with \$4.6-million; I-H's ante amounts to \$2.8-million.

• Building an Industry—The CIMA project is part of an ambitious program to create a French tractor industry, turning out 40,000 units yearly. The French had to start right from scratch, since they produced almost no tractors prewar. In 1939, France had one tractor for every 1,500 acres of cultivated land; the British had one for every 100 acres; the U. S. one for 175 acres.

Since the war, France has managed to boost its tractor pool to 120,000 vehicles, 60% of them imported. The target: 200,000.

• Slow Sales—There's one joker, though. French manufacturers can't seem to sell all the tractors they make now. And the parade of Farmalls out of Saint Dizier isn't likely to help any. So tractor men aren't entirely happy about CIMA's expansion.

Government officials shrug off protests, point out that the CIMA project is an important part of the Monnet Plan. Besides, they figure that, once the industry hits its 40,000-a-year stride, prices will fall at least 10% to 15%.



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Labor and material shortages, plus need to speed up production of existing plants, slow up Labor government's plan to decentralize industry. The goal is 123,000 houses built in 20 years.

LONDON—The blueprints for Britain's "New Town" program are in full bloom, but the towns themselves are withering on the vine. Hard economic problems have squeezed the life out of the Labor government's bright dream of 14 brand-new cities—garden homes with built-in industry.

• Begun in 1946—When Parliament passed the New Towns Act, back in 1946, pretty much everyone admitted it would be a great idea—if it worked. Spang-new homes would be built for nearly 550,000 people, pretty homes, surrounded by grass, unsmirched by the industrial soot of years. Fourteen towns—small cities, really—would be created out of nothing in the countryside.

The new homes would attract workers; the workers would attract factories. A new life would begin for half-a-million people who were ill-housed and scrabbling in overcrowded cities.

Eight of the New Towns were placed just outside the London area, where they could drain people from a city already jammed beyond its power to supply jobs. The others were strategically located in England, Wales, and Scotland.

• Planning—The whole project was very carefully planned. Even foes of such government activities admitted the plans were good—as far as they went. But now it seems that they went too far.

Here's the progress report for four years, up to June 30:

• For the 14 towns, 123,000 houses were to be built in 20 years; so far, only 365 have been completed. By the end of the year, the total should reach a meager 980. At seven of the 14 sites building hasn't even started yet.

• Factories, attracted by the new towns, were to provide 100,000 new jobs for workers living in them; so far, only 660 workers have found such work.

And there's nothing in the picture now to indicate that the project will show late foot to make up the huge lag. Conservatives are gurgling happily that once more, just as in National Health Service, the Labor government has bitten off quite a bit more than it can chew.

• Rising Costs—The original New Towns Act set up development corporations for each planned community. For the first five years, a limit of £50-million was set for the amount that the corporations could draw from the Treasury. Over-all cost for a community of 50,000 people was first estimated at £19-million, of which the corporation was to provide £15-million. The rest was to come out of land taxes. Rising costs have already tacked an extra £10-million on the estimated cost of each 50,000-person town.

But rising costs have not been the chief factor cutting progress down to a turtle-crawl. Shortages of men and materials, plus unexpected contingencies, have done the real execution. Take materials, for example. Bombed

and beaten-up England can complete just about 200,000 houses a year. Of this total, the New Towns can claim only a small share. Repairs to existing buildings, all sorts of imperative needs, can claim priority over the New Towns.

**Labor Shortage**—Just as critical is the labor situation. There aren't enough construction workers in Britain to go around. It is estimated that each town will require from 3,000 to 4,000 workers at the peak construction. But today, the Hemel Hempstead community, designed for 60,000 people, can find only 300 workers. And that's the biggest group of all; the Stevenage project has a mere 100. Others, still in the planning stage, of course have none at all.

**Existing Factories**—Britain's balance-of-payments problem has spoiled the hope of getting five new factories in the New Towns. To live, the nation must export; speeded-up production is the No. 1 requirement—present production, that is, not pie in the sky.

That means that existing factories get a priority on what they need. And new factories—when they get permission to go ahead—generally want to build at established labor markets, not towns where labor may be someday.

It all adds up to very tough sledding for the New Towns. But there are a lot of workers in Britain who trudge out to the sites for a look. What they see—the fraction that's completed—makes their mouths water. The house at Harlow, in Essex (picture, page 122), looks like paradise to any city worker.

**Sights Raised**—Harlow was originally planned to draw 60,000 people away from nearby London; lately, there's been talk of raising it to 80,000. But Harlow in June had just 102 houses completed or under way. One factory was being built. The visiting would-be tenant can see well-planned roads, parks, schools, and shopping areas—but they're laid out, not built.

## BUSINESS ABROAD BRIEFS

Conrad Hilton's Hilton Hotels Corp. has a contract to lease and operate the \$6-million Albergo dei Cavalieri Hilton, to be built soon in Rome.

Soviets sent the U.S. stockpile \$1.3-million worth of manganese and chrome ore during September, \$1-million more than the August shipment. The U.S. held exports to Russia down to \$50,000 for the month.

**German prefabs** will house Australians under an agreement signed by the state of Victoria and a Bavarian firm. The Germans will send 6,000 wood prefabs, plus builders and machinery to erect them.

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# The President Proposes, but Congress Disposes

The Administration's ideas on excess-profits taxation are now on the record. The House Ways & Means Committee has completed its carefully controlled week of hearings on the bill. Its report is now priority business for the House of Representatives.

The high-handed manner in which the hearings were put on an Administration bill-or-nothing basis got the whole proceeding off to a bad start. Worse still is the bill itself that the President is trying to ram through the lame-duck Congress.

The heart of it is to declare as excess any profits that exceed 75% of the average for the best three years during 1946-49. These extra earnings would be subject to a 75% levy (BW—Nov. 18 '50, p24). The familiar invested-capital formula is provided as an alternative.

It was this kind of proposal that the Administration tossed at a business community that was ready and willing to bear its fair share of new defense taxation. The bill got a poor reception and rightfully so. For it is nothing but a plain fraud.

In the name of taxing "excess" profits, it includes as excess 25% of base-period earnings. This the White House did in spite of the President's statement on Sept. 9 that the new tax law should include . . . "a just and fair excess-profits tax, which will recapture excess profits made since the start of the Communist aggression in Korea." That the bill's formula went down a little hard even with Secretary of the Treasury Snyder is indicated by his reference to the measure as a "defense-profits" tax and not an "excess-profits" tax.

Nor can the need for revenue be used to cover up this chicanery. An honest plan to tax "excess" profits would allow a 100% credit for base-period earnings (as was the practice in World War II), then tax profits in excess of that at a higher rate, as required.

## Other Fish

But there is every reason to believe that the Administration hopes to fry some other fish at the same time as it raises money. Under the guise of war taxation, it seeks to cut down the level of corporate profits remaining to businesses and their owners. This is an old-time practice of Big Government.

In its book, taxation for revenue is by now a second-rate criterion of tax measures. Taxation for political advantage seems to be the guiding motive. Meanwhile, another—and now vital—criterion, inflation control, is wholly ignored in the Administration's bill. As a matter of fact, the emphasis that the President is giving to excess-profits taxation suggests he either plans no serious inflation control or has no confidence in his program to that end. For any large corporate profits from here on out will be the product of inflation.

Any tax bill enacted at this time is terribly important. An excess-profits tax measure, for example, is not an emergency action for a year or two or five. No one can

see the end of the world crisis that is evoking new taxation as part of our rearmament effort. These new taxes will be the law of the land for a long time to come.

That is why it is so urgent that a basic change in our tax structure, such as the Administration's bill contemplates, should satisfy the criteria of providing revenue, controlling inflation, and fostering our productive strength.

On the last two of these counts the President's bill fails. Fortunately, alternatives have already been put forward, several by business itself. They promise to yield as much revenue from corporate levies as does the White House scheme, but they are free of its great defects. These counterproposals deserve the most careful scrutiny. And they will get it.

For, in matters of taxation, the President proposes, but Congress disposes.

## Man Bites Dog

Out of the Midwest a few days ago came a welcome man-bites-dog story.

Charles B. Shuman, president of the Illinois Agricultural Assn., the biggest state farm organization in the country, called for a drastic reduction in federal farm spending. What's more, he urged farmers to take the lead in moves to cut such nondefense outlays. Said Shuman, "Certainly neither farmers nor Congress contemplated the present huge federal agricultural bureaucracy with the expenditure of millions of dollars in administrative costs and subsidies during a period of high farm income."

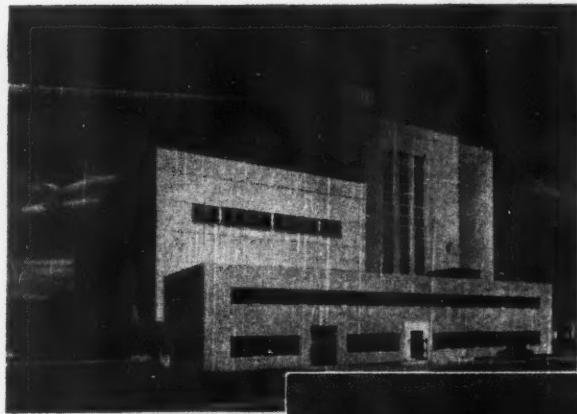
He didn't report, but he could have, that last year in DeKalb County, Ill.—one of the richest in the country—178 men and women were working for the federal government in agricultural programs of one kind or another. This kind of thing appalls responsible farm leaders like Shuman who helped put legislation on the statute books to help agriculture out of depressions.

Shuman no doubt means what he says. Most corn-belt farmers would likely back him up. But other farm leaders—notably those in the South—have come forward with no such broad, nation-centered views.

There is another difficult aspect of getting our agricultural policy in shape. Farm legislation is now more than ever fashioned to satisfy pressures from specific commodity groups. Such groups have direct access to congressmen from their districts. They do not work through the big farm organizations that have to take a broader, more national view. That fact helps make for unsound, patch-quilt farm laws.

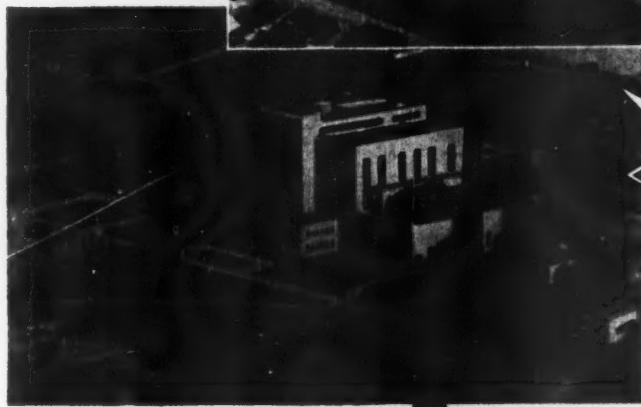
The main purpose of the Shuman call is clear, and it is a good example of how private and public interests can coincide: If agriculture puts its house in order, it can demand the same thing of other groups in the economy. And that's sound whatever way you look at it.

# WITH THE NEED CAME THE POWER



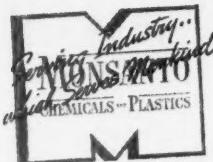
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3. *Possom Point Power Station where an extension of 60,000 kw rated capacity is under construction.*

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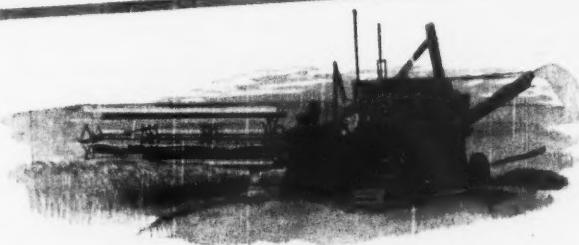
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### more fruits

### more vegetables

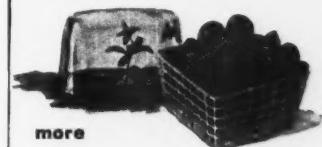
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